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GENERAL STAFF'S VIEWS ON NATION'S NUCLEAR CAPABILITY

Paris LE FIGARO MAGAZINE in French 9 Feb 80 p. 37-41

[Article by Robert Lacontre: "France Could Destroy 80 Percent of the USSR"]

[Text] France is the world's third ranking nuclear power. Specialists of the French Armed Forces General Staff openly expressed their views to LE FIGARO MAGAZINE. A fact we did not know is that, even if mortally wounded, France can still destroy almost all of the USSR. This apocalyptic retaliatory capability will henceforth make the Soviets think twice.

We must not delude ourselves, the next world war will be a nuclear war. And in that case, three quarters of the earth will be destroyed. The few survivors will find themselves on the planet of the apes.

How will this come about? Very simply, just as it has always happened. It will begin with an exchange of insults, then of blows, and finally the adversaries will draw their "artillery." As they do in cowboy movies. In the Old West, nobody would ever think of fighting without drawing his weapon. Today, the only difference is that thermonuclear weapons have replaced the old Colt and Winchester. Atomic combat is quite similar. The first party hit can still draw his weapon and, with a final burst, slay his killer. The smallest "good guy" no longer has anything to fear from the big "bad guy." Both are in mortal danger the moment they want to fight it out. Such is France's case.

The year 1980 is the major turning point for France's strategic nuclear forces. Because of its tremendous technological progress these past few years, France is now the world's third ranking nuclear power. The others do not count. England is an American subsidiary because Washington controls the firing of the Polaris missiles arming the four British nuclear submarines. India did explode a big bomb, but it no longer has anything. China has a few warheads but no delivery vehicles. And it is not enough to be able to fabricate a nuclear weapon. One must also have the capability of

delivering it onto the target. All things considered, the latter is the more difficult. Especially since any "home-made" delivery vehicle automatically turns out to be a huge, practically unusable device. An atomic bomb for terrorists is not an imminent prospect.

To measure the importance of this diabolical power France possesses, we must make three essential observations that belie certain preconceived ideas:

1. The French armed forces do not have simply a "firecracker" or bomblet" capable of merely scratching the enemy. They have megatons of nuclear firepower. We are far removed indeed from the 18-kiloton Hiroshima bomb (1 kiloton is equivalent to 1,000 tons of TNT).
2. It is not absolutely necessary to fire our weapons before enemy missiles strike us, in other words, within the short warning time of 10 minutes. Even when mortally wounded, France can still retaliate.
3. The five (soon to be six) missile-launching nuclear submarines (SNLE's) are quite invulnerable for another generation. The "gadget" that will enable these submarines to be detected and located is not even a medium-term possibility.

When we questioned our strategists,¹ our scientists, and specialists from the different general staffs, all stated categorically--as their Soviet counterparts also clearly realize--that France by itself alone, can destroy 60 to 80 percent of the USSR's "vitals" in a second strike, because it is quite evident that France will not strike first. By "vitals" is meant 120 to 150 urban centers with a population of some 100 million. This apocalyptic retaliation is possible because of two factors: the possession of overwhelming firepower and the will to use it if our survival is in danger.

'Second Strike'

There are two conceivable possibilities: a nuclear attack achieving total surprise, or else a massive assault by conventional forces. In the first case, the objective would be France's complete destruction. In the second case, the objective would be the conquest of France. It is difficult to imagine a nuclear attack coming "out of the blue" as it were. It is more likely to follow a period of great international tension. Who knows? Let us assume that suddenly there are 50,000 tanks, 100,000 armored vehicles dashing toward the Rhine. It is quite obvious that our country's geographical position will give us some time to prepare. The Russians will first have to penetrate the West German defenses, and that should normally trigger a tactical nuclear response by the American forces stationed in the FRG. Let us further assume that the Russian steamroller crosses the Rhine, breaks through our lines, and crushes our 2,000 tanks. In that case, we shall fire our Pluton missiles:² five regiments, each firing six missiles, or an initial volley of 30 missiles (30 Hiroshimas). This is followed by a

second volley, and if we have time, a third volley, etc. With such firepower, who can dare to say that our tactical nuclear artillery is insignificant? And what about our tactical aviation? Consequently the enemy must reckon with our determination to resist. It must either stop its advance or else strike us even harder knowing full well that it will thus conquer a country that is virtually destroyed. If the enemy fires his heavy rockets so as to definitely eliminate us, he knows that we will automatically retaliate with ours.³

The picture is quite clear. This frightful power of the French "second strike" stems from the only possible strategy for a medium-size power that cannot accept being reduced to slavery. This then is deterrence. Deterring means compelling someone to give up his plans. The FNS [Strategic Nuclear Forces] are not meant to wage war with nuclear missiles and bombs. Their clear purpose is to avoid the clash that would prove to be the last one for the attacker as well as the party being attacked. Thus the FNS are not a weapon of war, but a weapon of peace. French retaliation will be total. No quarter will be given. It will be aimed indiscriminately at population centers, at the enemy's most vulnerable, most sensitive points. This is what experts pompously call the "anticities" strategy. We cannot afford to imitate the superpowers who can indulge in the luxury of fighting so as to destroy primarily the opposing forces, i.e. the "counterforce" strategy. But we no longer have any choice. We must inflict substantial losses on the enemy, administer terrible punishment clearly incommensurate with the benefits the enemy expects to obtain from its aggression. Deterrence alone can prevent the apocalypse. The party initiating the nuclear exchange will be committing suicide. Moreover, this deterrence is increased tenfold by the "three-party nuclear game." To be specific, if the enemy wishes to destroy France completely, it will have to assign a large part of its forces to that task. Our retaliation will bleed it white while the third party, America, will remain intact, ready to give the mortally wounded beast the coup de grace. The French deterrent is a sort of "final judgment." It is the "antisuicide" weapon. It is also a political weapon. Only the strong can speak of detente. Only the well-armed can speak of disarmament. Liechtenstein and Andorra have absolutely no influence on the future of world disarmament. Environmentalists will never trouble Marshal Ogarkov's sleep. As Stalin once retorted: "The Vatican? How many divisions does it have?"

Three Components

To defend themselves, the French armed forces thus have a powerful nuclear arsenal and conventional forces supported by tactical nuclear artillery regiments. The FNS have three components:

1. Mirage 4 bombers carrying an atomic bomb three times more powerful than the one dropped on Hiroshima. The operational life of these aircraft will be "prolonged" until 1985 when they will be replaced by the lighter, faster, sturdier, and more powerful Mirage 2000. The Mirage 4's are equipped for

aerial refueling by some 10 C-135 tankers, thereby extending their range to 5,000 kilometers. They are based throughout France in flights of four. At each air base, one Mirage 4 is on ground alert round-the-clock. They now have the capability of launching their weapon when some 100 kilometers from their target, thereby avoiding the disadvantage of having to fly over the target. They launch their weapons and then take immediate evasive action. The FNS have 39 Mirage 4 bombers, all of them operational.

2. The Albion Plateau site is near Apt and astride the territory of three departments. Its 18 missile silos are 3 kilometers apart within a 40 by 20 kilometer rectangle. Their total firepower is 9 megatons at the present time. It will be 18 megatons in 2 years. The missiles have a range of 3,500 kilometers, which is farther than Moscow. At the site itself, there is actually nothing to see. On the surface, a silo is merely a 100 by 100 meter concrete slab protected by three fences, one of them charged with high-voltage electricity, and a guardhouse with magnificent police dogs obviously overjoyed at being able to live outside in the open country all year round. Farmers can be seen plowing their fields and children playing a few dozen meters from the thermonuclear rocket concealed underground quite nearby and attended to like a goddess of antiquity. It is a monstrous missile of death that must never be launched and is there solely to safeguard peace. With special authorization from the highest level, I entered the sanctuary and descended to the depths of hell. It is not the traditional hell, however, with devils jumping about, boiling caldrons, snakes, and pitchforks. It is an electronic hell, the interior of a vertical submarine, the interior of a space rocket on its way to the emptiness of space. I noticed a slight indefinable, artificial odor, and detected the almost imperceptible noise of thousands of electrical contacts used in monitoring the system. There was also a barely noticeable vibration, because the entire system is suspended on shock absorbers enabling the missile to be launched in the middle of an earthquake or during an atomic explosion resulting from an enemy attack. The entire system is completely airtight and must be kept at a constant temperature. The missile was there, a 16-meter cylinder weighing 31 tons. Then came the supreme moment when I placed my hand on the warhead. There, a few centimeters from my hand, lie the enriched uranium, inert with its isotopes awaiting the perturbing neutron that will trigger the fusion, the apocalypse, the end of the world, a game played by lunatics, a jigsaw puzzle for sorcerers' apprentices, the filter of the mathematic equations which aroused Joliet-Curie, Einstein, and Sakharov.

A black attache case accompanies the President of the Republic wherever he travels. He alone can authorize firing of these missiles. In the event of his sudden disappearance, the number-two official assumes that responsibility, and in the latter's absence, the number-three official, etc. A few seconds before the thus authorized firing, the 146-ton steel cover over the silo is ejected by means of an explosive charge. The missile is then launched, signifying that deterrence has not worked. A few kilometers from the silo, there is a command post buried under the

mountain at a depth of 400 meters. The entire facility is housed inside a steel shell or cocoon mounted on springs, a sort of "island" for the year 3000, allowing decision-making to continue even under a hail of atomic explosions. Access to the control center is via a long underground passage mathematically intersected by several caves designed to absorb shock waves. The command post is manned round-the-clock by launch-control officers, awaiting the order from the Elysee Palace, ensconced in swivel chairs in front of an array of computer dials, the monitoring of which is enough to give anyone a headache. It has been calculated that it would take several hundred missiles to destroy only a few silos, provided the missiles explode within less than 500 meters of the silos. The first missile detonating a few hundreds of a second before the second missile would have a detrimental effect on its accuracy, and so on. Consequently, even though the Albion Plateau silos are fixed installations, they are not totally vulnerable.

3. The SNLE's, missile-launching nuclear submarines. These are the core of the FNS because they are totally invulnerable for at least another 20 years. They are powerful and terrifying "beasts" each carrying 16 thermonuclear missiles: Le Redoubtable, Le Terrible, Le Foudroyant, L'Indomptable, plus the most recent model, Le Tonnant which became operational this year and is a veritable electronic power plant. A sixth nuclear submarine, L'Inflexible, is under construction. Its reactor is already completed. There are always two or three of these submarines on patrol. A few minutes after leaving their Ile Longue den, opposite Brest, they dive and are then capable of launching their missiles. They stay submerged in the oceans for a period of 75 days at a depth of 300 meters. They receive messages but never transmit any.⁴ This is a condition of their invulnerability. We can readily imagine them lurking in the depths north of Norway and in the vicinity of Cyprus so as to position themselves as close as possible to their targets.

Three Directions

Eleven crews of 135 men each are provided for the five nuclear submarines. While some of the crews are on sea duty, the others are getting fresh air in the mountains or training on land under conditions strictly identical to life on a submarine. Living conditions on a nuclear submarine are much better than those on a conventional submarine. There is more room, no power-supply problem, no limit placed on fresh-water showers. There are many leisure-time activities. To keep in shape, submariners ride thousands of kilometers on stationary cycles. Each submarine has a surgery. The submarine knows exactly what is happening above it within a 100-kilometer radius. In 1984, the SNLE's will be equipped with M-4 missiles armed with multiple nuclear warheads that can be released on several targets along the missile's ballistic trajectory. The present M-20 missiles have a single warhead but deliver several decoys to confuse enemy radars. Three submarines firing simultaneously are a considerable force: 48 megatons of nuclear firepower.

The future? The Strategic Nuclear Forces must be improved so as to keep pace with technological progress. Research is being conducted in three directions: invulnerability, penetration, and effectiveness. Our specialists are studying the cruise missile. Although it flies at subsonic speed, it can "hug" the ground at a height of some 10 meters and thus escape radar detection. They are also studying a light mobile missile, a successful product of miniaturization, that will continuously move throughout the territory to avoid detection, and the "neutron bomb," a small tactical weapon in which the radiation effect is enhanced and the blast and thermal effects are reduced so as to kill enemy personnel without causing too much damage to the surroundings. The "gadgets" are many when the problem is one of survival and, above all, of deterring the possible enemy. Never has the old adage been so true: "Si vis pacem, para bellum" (If you want peace, prepare for war).

FOOTNOTES

1. It was Guy Mollet first and General De Gaulle later who wanted the atomic bomb for our defense. At the present time, the Ministry of Defense's Forecasting and Evaluation Center coordinates all strategic research. Its director is Colonel De Saint-Germain, a graduate of the Ecole Polytechnique, who is assisted by Colonel Lewin.
2. The Pluton system has a 120-kilometer range. In addition, our tactical air force has 24 Jaguars and 12 Mirage 3's armed with nuclear weapons. The aircraft carriers Clemenceau and Foch are to be equipped with Super Etendard aircraft carrying atomic bombs. Our conventional forces include 26 divisions, 2,000 tanks, 500 combat aircraft, and 100 combat ships. The armed forces commander in chief is General Mery. He is assisted by General Lagarde (Army), General Fleury (Air Force), and Admiral Lannuzel (Navy). General Maffre is commander of the Albion Plateau [IRBM site].
3. Consideration must also be given to the fact that prevailing winds are always from west to east. As a result, nuclear fallout will primarily affect the USSR and its satellites.
4. The French submarines are the world's quietest.

8041

CSG: 3100

OPERATION, MISSION OF DRACHENBRONN AIR DEFENSE CENTER

Paris AIR ACTUALITES in French Jan 80 pp 36-40

[Article by Loic Guinard]

[Excerpts] Drachenbronn...Its primary air defense mission is to guide all craft flying over eastern France.

The Heights

At the summit of Laugenberg a massive sphere sits on four columns at a height of 20 meters above the ground: This is the key piece of the Ares Control and Reporting Center. This three-dimensional radar can measure simultaneously the azimuth, site--that is, the elevation--and the range of a plane at high or medium altitude within a radius of 400 kilometers. Its parabolic antenna, which extends over an area of 100 square meters, is housed in a radome.

This circular-shaped wire-mesh protects the antenna from bad weather. Another of its advantages is that it facilitates maintenance by the technicians, who can work at preventive maintenance and repairs under the shelter it provides, as long as they stay out of the electromagnetic field radiated by the antenna.

The surroundings of the radar center and its radio antennas are no less protected: The road leading up to it is closed to civilian traffic, and a double enclosure and a system of lock chambers protect this priceless equipment which is under permanent surveillance by guard-dog patrols and armed guard shifts. We entered, but not without having undergone a thorough check of our passes. Here is where the 23-cm wavelength radar and the five siting radars that give the elevations of planes are located. Siting radars and transceivers operate at different frequencies to avoid interference. Their precision depends upon their accurate coordination.

This system is a useful auxiliary to the three-dimensional radar, which it can substitute for at any time, especially during periods of trouble outage or preventive maintenance.

A few hundred meters away, centered inside a clearing bordered by birch and pine trees, are the radio station antenna arrays that carry the instantaneous transmissions of information between Air Base 901 and other air bases. There too, no one enters at will: The rounds are made by riflemen-rangers assigned to the surveillance of the site, and near the entrance a German shepherd thrones like a faun in its cage.

A Short Trip to the Center of the Earth

Down under the old massif that tops the ridge of which the high points are a part, a scene of a totally different nature awaits us, where the configuration does not offer the visitor as clear a view of his surroundings as above, or the possibility of enjoying the same airborne sensation as a view from on high. Here on the hillside, the view is cut off by the colossal fortification that defends the underground approach by which one enters what was one of the main structures of the Maginot line. Eight hundred men were assigned permanently to this impregnable strongpoint, which refused to surrender in 1940 until compelled to by the armistice, 1 week after its proclamation. An entire complex of antitank ditches and pillboxes guarded the two slopes--east and west--of this fortification built in the depths of Hochwald. Inside, kilometers of fluorescent-lighted galleries branch off from what resembles an enormous tunnel lined with cables and conduits. Some of these galleries are traversed by rails that were used by the small ammunition train, which is currently put away in its "eastern terminal," but which is still in good running condition. Near the entrance, there is a display of war souvenirs--weapons, helmets, French and German uniforms--collected by Mr Jost, who guided us through the museum he has set up. But the thousands of visitors--some of them Maginot Line veterans--who come to this site every year to discover or recall it, hardly changed by time, can also view the modern equipment it houses.

For, at the heart of this fortification, at 150 meters below ground, men are at work who participate decisively in control of the skies. The STRIDA [Air Defense Data Processing and Presentation System], the nerve center of the Drachenbronn Base, plays an essential role in the accomplishment of the latter's air defense mission. The latter, which must be distinguished from that of plotting the air situation properly speaking, consists of monitoring the planes that have been signaled to it by the Contrexeville Sector Operations Center [COZ]. The Drachenbronn Control and Reporting Center's [CDC] mission is fourfold:

- air defense,

- control of FATAC [Tactical Air Force] offensive missions,

- direction of the visual lookout posts distributed along the entire north-eastern border,

--partial or full substitution--scheduled in accordance with preventive maintenance schedules , or unscheduled in case of a breakdown--for the Contrexeville COZ, which normally plots the air situation and controls air traffic.

To fully grasp the operation, the Drachenbronn CDC must be viewed perspective, positioned within the organizational structure of our air frontier defense. The CDC's, linked to the bases where the interceptors are stationed and to the FATAC, form a network whose components cover each other.

All of them report to the Air Defense Operations Center [CODA] located at Taverny, which they can alert immediately in case of a suspected over-flight. If the danger is serious, the CAFDA [Air Defense Forces Air Command] can also take appropriate measures immediately to set the required response in motion.

The Drachenbronn CDC itself works primarily with the 2d and 13th Fighter Wings based respectively at Dijon and Colmar. But it also handles the missions of the other wings of the 1st Air District that may be referred to it through the Contrexeville COZ.

Every morning, the operations room personnel reports for briefing in a comfortably furnished room--the circular walls of which would make one think he was in a spacious jet were it not for the realization that he is in fact in the depths of the earth--where they are given their principal instructions with regard to the day's work plan.

After reporting on the previous day's operations, the technicians, operators and supervisory personnel of the CDC exchange views and discuss any technical problems they may have encountered. Currently, the CDC is undergoing training in electronic warfare, that is, temporary but systematic jamming of the electromagnetic spectrum. The object of this exercise is to increase the difficulty of interceptions and to prepare for the eventuality of real jamming by the enemy.

Today's exercise will consist of intercepting a Mirage IV flying at Mach 2 at an altitude of 50,000 feet. Two patrols on 2-minute alert must overtake the plane being pursued... A number of slides project the day's weather conditions to a highly precise degree. The atmospheric temperatures are particularly specified at various altitudes, an important factor in determining the length of the contrail that planes will create in the sky.

The controllers who will conduct the mission take their places in the operations room, while the others relax on standby in a recreation room.

In the soft violet light, almost a half-light, in which everything seems to be shrouded, the green and orange screens of the consoles ranged along the walls stand out. Television sets display the characteristics of the

missions to be tracked--the number of wings, their base, type of aircraft. The air of intense concentration that pervades this environment can be sensed in the meticulous gestures of the operators installed in their positions at the consoles.

Our guide approaches one of the many consoles (there are no less than 18 in the room) to manipulate the commands keyboard, the tuning and remote-operating controls. Immediately, there appears on the screen, looking like a zodiacal display, a veritable constellation of luminous points which, with a minimum of close observation, can be seen to move almost imperceptible. Planes! Planes whose positions are marked by the radars before being transmitted to the computer room. The echoes received by the radars are systematically processed by a computer which transmits its results to calculators, which in turn work out the plane's starting point and then its course. The data processing, effected in real time--meaning immediately--permits memorization of all planes overflying French territory.

The data compiled by the computer appears in the form of symbols on the console screens. These symbols are straightaway interpreted by the intercept controller, who then records the plane's position, its altitude, its speed and its direction of flight. Since 1964 when the STRIDA was installed, more than 125,000 hours of interception have been logged at the Drachenbronn CDC--125,000 hours of work that must never become routine, that, on the contrary, demands extremely fast reactions to the unpredictable. The experience acquired by the CDC personnel, never having fallen short of expectations, proved itself in the two victories that carried away for them the Air Defense Cup in 1977 and 1979.

Commando Training

The CDC's various equipments represent vital points whose protection is currently assured by commandos who are trained on the base itself. Air Base 901, in fact, has as another of its missions the training of all draftees assigned to the 1st Air District's defense units. This is the function of the Drachenbronn Training Center.

Aviators who will become riflemen-commandos undergo a training period of 7 weeks duration, which, however, is extended for those of them who are selected to become noncommissioned officers. The training they receive, which is both theoretical and practical, includes initiation into parachuting, which has value mainly as a psychological test. "Imagine the test a jump represents," says Commander Haule who leads the unit, "for the draftees for whom, in many cases, it is their air baptism. Our object is to reveal to these young men just how much guts they have, to test their self-mastery, all done, however, in absolute safety."

To achieve this self-mastery--a sine qua non requisite--they must have intrinsic form--a form capable of withstanding all tests. The open air, moreover, has a very special effect. The draftees are also trained in the

firing of all individual weapons: the PM, AA 52 and FLG, and in ground combat techniques, which they study in depth.

With its many forests and hills, and the proximity of the Bitche maneuver area, the district offers an excellent environment for this intensive training.

Upon completion of their training period, the 180 draftees that make up each class are assigned to the various specialized guard and defense units, including guard-dog trainer [K-9 Corps specialist] units, which are also trained at Drachenbronn. But the conclusion of training, which in most cases also means leaving Air Base 901, is marked by a solemn dress-parade and salute to the colors, through the streets, lined with the homes that are so typical, of the the neighboring towns.

These commemorative ceremonies, like that of 11 November, which is celebrated with special intensity in Drachenbronn, provide the occasion for many contacts between the personnel of the base and the local population. Little by little, solid and very warm ties have been forged, and friendships have been born.

9399

CSO: 3100

NORDIC GOVERNMENTS REEXAMINE SECURITY IN LIGHT OF AFGHANISTAN

Bonn DIE WELT in German 23 Jan 80 p 7

[Article by Axel Schuetzsack, datelined Berlin: "Scandinavians Examine Defense Policy"]

[Text] The governments of northern Europe as well as the Scandinavian peoples are viewing with growing anxiety the development of the world crisis resulting from the Soviet invasion of Afghanistan. This anxiety is concerned above all with their own security and with the future prospects for regional balance in Scandinavia, which is already threatened by the buildup of Kola peninsula, bordering on Finland to the northeast, into the most important Soviet naval and missile base.

Maintenance of the balance of power in Scandinavia depends not only on the regional states concerned--NATO members Denmark and Norway, neutral Sweden and Finland, tied to the Soviet Union by a treaty of friendship and mutual assistance--but also on good conduct on the part of the super powers. That is why the anxious question is now raised whether this state of affairs still applies in Scandinavia now that Moscow has thrown all caution to the winds in Afghanistan, another area of global strategic importance.

The Norwegian newspaper AFTENPOSTEN concludes that the Soviet invasion of Afghanistan is of concern not only to Norway and the other Scandinavian countries but to all countries bordering on the Soviet Union and lying within the immediate reach of its military power. The one possible reply to the invasion of Afghanistan is therefore to strengthen the Western military alliance along the borders of the Soviet Union.

Norway, the Scandinavian country most exposed to Soviet pressure on NATO's northern flank, has come out with the most clear-cut reply to the Soviet challenge. Quite impervious to attempts at intimidation by the Soviets, who accuse Oslo of creating war hysteria by placing a part of its armed forces on alert, the Norwegians have canceled all meetings with the Russians on a military and political level.

The other Scandinavian countries for their part have not been nearly so outspoken in their reaction to the Soviet move against Afghanistan. NATO member Denmark, for example, reacted with all due reticence. The social democratic government of Anker Joergensen did not see its way clear to an official condemnation of the Soviet action in Afghanistan. A Danish foreign ministry spokesman merely gave an oral statement in which the government "clearly distanced itself" from the Soviet invasion. Nor does Copenhagen see any reason for drawing consequences of a military nature from the events in Afghanistan. For that matter, the government is planning to make drastic cuts in next year's arms budget because of the difficult economic situation. This, to be sure, earned an American reprimand for Anker Joergensen.

In Sweden, where the Soviet invasion of Afghanistan was sharply and unanimously condemned by the government and the opposition, thought is being given to the adequacy of existing defense policies in view of the new crisis. In a highly regarded report, the renowned Swedish Military Science Academy has taken a critical look at the defense policy of the 1970's, coming to the conclusion that a continuation of this policy would lead to a further weakening of the Swedish defense posture and might also affect the Scandinavian regional balance.

So as not to conjure up the danger of the big powers stationing troops and erecting military bases on Scandinavian territory, Sweden must have strong armed forces of her own available to defend her neutrality.

The Finns, though greatly disturbed by the Soviet action in Afghanistan, are making every effort to display composure and the utmost discretion in their official pronouncements, all the way to abstaining at the UN when the Afghanistan vote was taken. The Finnish Foreign Ministry, acting in the national interest, did not go beyond saying that the situation in Afghanistan following the Soviet invasion was "not normal." And just to underscore that Moscow expects Helsinki to behave, the Soviets pointedly recalled the existing treaty of friendship and mutual assistance. Since the Soviets also made reference to a friendship and mutual assistance pact when they moved into Afghanistan, the Finnish people are on their guard. Kekkonen presented the Soviet-backed proposal for a nuclear-free zone in Scandinavia once more, but his Scandinavian neighbors turned a cold shoulder on it. There is an icy wind blowing across wintry Scandinavia--in the political sense as well.

9478

CSO: 3103

BRIEFS

ECONOMIC TALKS WITH EGYPT--"On Monday [3 March] representatives of Egypt and Austria signed a protocol on the future economic and technical cooperation between the two countries." The signing ceremony marked the end of Trade Minister Staribacher's 2-day talks in Cairo with Hamid al-Sayih, Egyptian minister of economy, foreign trade and economic cooperation. According to an Austrian source, the talks dealt with Austrian-Egyptian cooperation projects in the housing construction, building materials and energy supply sectors. Staribacher stressed Austria's interests in several Egyptian projects for which bids are currently being invited, while the Egyptian side underscored its special interest in a number of projects including a locomotive repair workshop and small power plants. The sides agreed to have technical surveys worked out on these projects. According to Egyptian press reports, the sides also discussed the \$1.8 billion project for expanding the Egyptian telephone system--in which the Siemens-Austria Company plays a prominent role--the installation of an automatic railroad signals system, the delivery by Austria of automatic bakeries, and some agricultural and transport projects. [AU041142 Vienna DIE PRESSE in German 4 Mar 80 p 2 AU]

CSO: 3103

SIMONET PREFERS OLYMPIC BOYCOTT TO U S. MILITARY ACTION

LD150933 Brussels LE SOIR in French 12 Feb 80 p 3 LD

[Report by C. B.: "Sabotage the Games Rather Than Intervene Militarily, Mr Simonet Said When Questioned on Events in Afghanistan"]

[Text] For its Sunday debate the Belgian Radio and Television Network invited a brilliant professor and four talented students who tried, by a very subtle play of questions and answers, to prove that although detente is indeed threatened, the situation cannot be summarized in a few Manichean sentences or understood after a few moments' thought. Nor is it certain that the 1-hour broadcast given to Foreign Minister Simonet and four newspaper journalists (Federic Kiesel from POURQUOI PAS, Luc Herinckx from LA LIBRE BELIGIQUE, Paul Gruslin from LA WALLONIE and Francis Unwin from LE SOIR) was sufficient for such understanding.

Questioned by Belgian Radio and Television journalist Jean-Pierre Gallet on events in Afghanistan and the threat to the Olympic Games, Mr Simonet tried mainly to understand the two superpowers' motives. He first pointed out that Belgium, "which is not a nonaligned country" and "is dependent on its partners," cannot act autonomously in this sphere....

Mr Simonet then stressed the relativity of the detente which is allegedly in danger: Some people though it meant virtually the end of the ideological and political struggle between the blocs and that it might one day bring about a reconciliation between them. Mr Simonet said he thinks that this is a mistake and that, at least for the Soviet Union, detente is primarily an opportunity to insure its economic growth, to attain nuclear parity with the United States and to extend its influence.

Drawing a cruel parallel between the lack of continuity in American decisions, when they actually make decisions, and the Soviet leaders' "dynamism" in foreign policy, Mr Simonet tried to play down the intervention in Afghanistan, which he thinks is the result of this "dynamism": While Washington is abandoning friends such as the shah of Iran, the Russians want to appear to be much more reliable. Therefore, they are maintaining their support for a "puppet regime" in Afghanistan although they may have underestimated the full implications of their decision.

To support this theory, Mr Simonet referred to a constant factor in Soviet history which, he said, consists of encouraging separatism to establish its influence. However, it should be pointed out that this argument does not hold water for Afghanistan, still less for other "puppet regimes" like Ethiopia or Angola: Moscow backs the central government against separatists or opposition movements having regional influence without worrying too much about the "quality" of the government.

To Understand Above All

Playing down the very concept of detente as much as its present deterioration, Mr Simonet refused to let himself be confined within the terms of his questioners who would have liked to refer to simple notions. Mr Simonet, who wants to reduce the tension, wants above all to understand. Thus, he understands the Soviet explanations and their limits while he also understands and explains with equal eloquence the reactions of the Americans who want to boycott the games. The threat to athletics does not visibly move the politician: according to Mr Simonet the games have in any case always been politicized--and salvaged--and, above all, he says, "it is better to sabotage the games than to send American units to the Middle East." In short, the foreign minister believes that Washington's answer, which is in a different category from that of the Soviets, is spectacular and, above all, effective.

Trying to make the public understand the rules of the game between the great powers and the relative value of the signals they sent out to each other, Mr Simonet seems convinced in any case that, despite the present tension, these rules have not yet been irreparably infringed. This will reassure the Belgians all the more since they learned at the start of the program that in any event their country as such had practically no say in the affair. Fortunately, there is still Europe.

And Europe?

Mr Simonet's questioners did not fail to ask him the customary question on Europe's role: Can it, should it identify itself with the American position or not? Mr Simonet, who stressed the need for solidarity with the United States if for no other reason than that it would be too dangerous to let it take decisions by itself, also explained why Europe, by the force of events and of coresponsibility, could not dissociate itself from its American ally.

Accused of simplistic attitude (which he admitted does not happen often) and of defending an alliance between unequal partners, the minister emphasized that when Europe wants to, it can formulate a policy which suits it different from and even opposed to that of the United States: the common agricultural policy, for example. But now, he said, if the United States changes its mind several times in a fortnight, Europe needs more than a fortnight to announce its view...which proves, in fact, that it has no foreign policy.

What does Europe want? Mr Simonet hardly answered this question, assuming that there is an answer, and the debate finished on this question. But despite the pedagogic qualities of this expose there can be no certainty even now that people will have grasped Mr Simonet's foreign policy intentions, apart from understanding and explaining.

GENERAL CLOSE CALLS FOR INTEGRATED EUROPEAN DEFENSE

LD271701 Paris L'AUREORE in French 19 Feb 80 p 6 LD

[Report on Gen Robert Close lecture by Jacques Guilleme: "No Salvation for Europe Without a Close Political and Military Union"--date and place of lecture not specified]

[Text] Addressing a meeting of the Union of Independent Intellectuals, Gen Robert Close outlined an impressive picture of the deadly perils which Western democracies will have to face in the coming decade.

[He did so] with talent, precision, clarity and with a profound knowledge of the subject.

A lecture which would deserve to become a classic for all our leading colleges, universities and secondary schools.

A lecture which any European worthy of this name should have either read or heard to be able to assess and realize the real dangers confronting us.

The author of "L'Europe Sans Defense" [Defenseless Europe] believes that any repercussions of the "Kabul coup" and the placing of Andrey Sakharov under enforced residence were carefully taken into account and, contrary to a view widely held in certain political circles, the reactions of Western countries to these two almost simultaneous actions were largely foreseen in Moscow.

The Soviet leaders' concealed conviction that dissensions have undermined the Atlantic Alliance is bound to encourage them to proceed with their global expansionist plans.

Dividing his lecture into three parts, the former deputy to Gen Alexander Haig in Central Europe discussed in turn the past, the present and the future.

"The past," when the development of strategies of threat and of means took place, make him wonder about the West's blindness which in the past 30 years has enabled the USSR to take the lead in the military sphere throughout the world.

Originally, the mere presence of the American nuclear power prevented Moscow from any attempt to expand.

However, two events of major importance occurred in the sixties, Close stated, which were to alter the international situation and lead to the abandonment of the massive retaliation strategy in favor of a flexible response strategy.

First, in 1957, the appearance of the "Sputnik" rendered tangible the threat which was henceforth to hang over U.S. territory.

And, second, the miniaturization of nuclear arms was to make their tactical use on the battlefield possible.

The Soviets managed very rapidly to catch up with the Americans in these spheres of fundamental importance.

The era of Washington's nuclear supremacy was over even before we realized it.

This made General Haig state sometime in the late seventies; "A global balance must be replaced with regional balances. Europeans can no longer remain on the sidelines; they must look after their own defense."

In the past period, we have also witnessed a development of conventional arms, a sphere in which the Kremlin proved to be as effective as it was in the nuclear sphere.

It took its troops and those of the Warsaw Pact 20 years to outclass those of the alliance--in manpower, tanks, guns and aircraft--at a ratio of between three and four to one.

Furthermore, they have concurrently built a huge navy.

"And this," General Close asserts, "is a fact of major importance since the strategy and the threat have ceased to be merely continental and have become naval and worldwide."

The USSR can henceforth project its power on a universal scale as shown by the operations in which it has engaged in Angola, Mozambique, Ethiopia, South Yemen and Afghanistan.

Therefore, General Close emphasizes, the following conclusions should be drawn from the first part of his lecture: "As a result of strategic nuclear parity, the development of Eurostrategic arms (the SS-20 and the backfire bomber) and considerable inferiority in the sphere of conventional forces, an imbalanced situation has arisen."

Discussing "the present" the General recalled the Atlantic Alliance's intrinsic weakness in the political, institutional, economic and military spheres.

For instance, he strongly criticized "divergences among national attitudes which harm the cohesion and credibility of the whole and could well lead to what Moscow wants, namely a certain 'disengagement' between the United States and Europe."

The General has put his finger on a sore which is daily becoming increasingly purulent.

How have we come to this?

The General sees four fundamental reasons for it all.

First, disproportion between a continental-size partner--the United States--and medium-power partners in a Balkanized Europe unable to achieve unity.

Second, the Greek-Turkish dispute which has badly affected the southern flank.

Third, France's policy of independence at any price.

And, fourth, the FRG's dual dependence--first, nuclear dependence resulting from the integrated system prevailing in Central Europe.

Referring to the economic sphere, General Close forcefully stated that we do not realize how vulnerable we have become. And he added: "A blockade of, or an embargo on, oil products--and the danger of this happening does exist --could make us lose a war before it even started."

As for the military sphere, the General believes that in view of a continual reduction in the Alliance's conventional forces, the Europeans' unwillingness to make any necessary effort, a lack of homogeneity in the interallied army corps, a lack of an intervention reserve and of the inadequacy of measures aimed at protecting the civilian population, "We would be unable to face up either to a conventional 'blitzkrieg' launched without warning in the Central European region or to any direct or covert attack against our vital supply sources in a global framework."

As for the "future," the General tried to rapidly discuss some possible scenarios likely to undermine our security at both the regional and world levels.

In the final part of his lecture the General merely considered the possibility of a Soviet move in Central Europe and of a "peripheral operation."

In the event of a massive--and, consequently, detectable--attack by the Red Army in Central Europe, the use of tactical nuclear arms remains a possibility--"This would automatically create the necessary conditions for a controlled spiralization."

However, if the Soviets attacked using previously deployed divisions without bringing in any reinforcements beforehand, "There would practically be no time for any warning," the General explained, "and consequently the Soviets could seize at one stroke a major price--FRG territory right up to the Rhine--while the rapidity of the whole operation would prevent the use of either tactical or strategic arms."

Now General Close believes that in the event of a conflict, the probability of the second of these two scenarios would be the the greater.

In such a situation, General Close asked, What would happen to a Europe with the FRG, conscious of its weakness and discords and unable to insure its security in the face of Soviet divisions stationed a few hundred kilometers from Brussels, Paris and The Hague?

The General believes that such a situation would lead to negotiations between Washington and Moscow.

The USSR would agree to withdraw its troops, he forecasts, only on Draconian conditions--dismantling NATO and, as a corollary, the transfer of the FRG to its immediate orbit.

If this happened the rest of Europe would lose its autonomy since it would continually be exposed to pressure by a fantastic military apparatus and would find itself in a situation similar to that now prevailing in Finland.

General Close believes that Europe has not much time left to try to prevent such a disaster.

Europe should immediately integrate its defense under the aegis of a "European working group."

However, Close emphasized, no practical result will be achieved unless progress in the sphere of political unity is also achieved.

A political unity whose foundation stone the European Parliament could become.

Finally, "Linear defense must be replaced with area defense."

This is the only way, he concluded, to avoid the following dilemma: "Either capitulation or nuclear holocaust."

CSO: 3100

STRAUSS' FOREIGN POLITICAL ACTIVITIES DESCRIBED

Hamburg DER SPIEGEL in German 3 Mar 80 pp 20-28

[Second in a series of articles on the foreign political activities of the CDU/CSU Candidate for Chancellor: "Franz Josef in His Own Milieu"]

[Text] "I can be prouder of my associates abroad than Mr Strauss can be of his."

Willy Brandt

The place: The summer residence of the Egyptian president. The time: 1977. Anwar al-Sadat and Franz Josef Strauss have sat down in a niche in the large reception hall. They are being listened to by a hidden secretary who is busy making notes.

The two spoke English, and Strauss was talking again about his favorite subject--the Soviet threat, extending from the Middle East to southern Africa. The president listened politely.

Then he pricked up his ears. The visitor from Bavaria was offering to contribute to solving the Middle East crisis. Strauss said that the parties involved in the conflict had to be brought together for peace talks at a neutral place. And he knew where and, moreover, what with his good connections with Israel and the moderate Arabs, would be happy to be the go-between.

Sadat noted the offer.

In 1977 Franz Josef Strauss altogether made three trips to the Middle East. The last visit, immediately after a stop in Saudi Arabia, was to Syria and Jordan in November.

Dieter Huber, his adviser on foreign affairs from the Munich CSU headquarters, had the task of making the preparations for the visit.

Shortly before Huber's plane was to take off, his boss gave him some last instructions by phone: he should try to arrange a meeting in Syria between Strauss and PLO chief Yasir Arafat. Contrary to what he had persistently

denied previously, the CSU chairman wanted to see the very man whom he is otherwise wont to describe as "terrorist leader."

The startled Huber asked how he could possibly do so, considering that he had no contact whatever with members of the PLO. In Damascus he had appointments only with Syrian protocol people. Should he approach them?

Strauss agreed. But he said that in no circumstances was Huber to make known his wish in front of witnesses, and he had to voice it to a high-ranking official.

The emissary did as he had been asked. At the end of a conference about the Strauss program, he asked to see the deputy Syrian chief of protocol alone. The rest of the gentlemen left the room.

Even more cautiously than he had been instructed to by Strauss, the CSU man asked the Arab whether he might be able to get him together with influential PLO representatives. He had an important message for them. The Syrian said that it could be arranged.

Only a short time later the official came to Huber's quarters in a guest house of the government. He was accompanied by two gentlemen whom he introduced as confidants of Arafat. It was then that the Strauss messenger came out with his request, saying that his boss wanted to meet secretly with Arafat in Syria.

The two Palestinians took note of Strauss' desire without comment, promising to pass on everything properly.

Strauss had barely touched down in Damascus when he drew his man Huber aside, asking him how the matter with Arafat stood. The aide gave his report, recommending that one should wait and see.

Another few times during his visit, the CSU chairman inquired whether there was any news from the PLO at last. Each time Huber checked with his Syrian protocol man, and each time the latter shrugged his shoulders. When it came to saying goodbye the Syrian then expressed his regrets, saying that Arafat did not want to meet with Strauss.

Disappointed, the Bavarian put the blame on his adviser, who had come to work for him from the Foreign Service. He was a "Foreign Office operator," he said, only capable of protocol antics and unsuited for more delicate tasks.

But Strauss did not yet abandon hope. Deviating from the scheduled program in Jordan, he visited a Palestinian camp near the capital, Amman, to demonstrate his good will. Most of the members of the delegation stayed behind--out of fear, Strauss said mockingly on the way there.

On the way back, after a short visit to the barracks, he was not in such a good mood. Accompanying correspondents had told him that Baader-Meinhof terrorists had been trained in the camp.

Huber inquired with the Jordanian whether that was so. The hosts hemmed and hawed, saying vaguely that it probably had been the case at one time.

The freewheeling foreign policy man from Munich also failed in his attempt to go and see Carter immediately after his visit to the Middle East. He made it known to the White House that he had important personal messages for the President from his interlocutors, Jordanian King Hussein and Syrian President Assad. Carter would not see Strauss.

The Bavarian's dream of surprising the German people and securing for himself a place alongside Willy Brandt, who in 1971 had received the Nobel Peace Prize for his Ostpolitik, was over.

Shortly after the disappointing defeat of the CDU and CSU in the 1976 Bundestag elections, Strauss had seriously believed that he would be able to play the role of mediator in the Middle East. He wanted to accomplish what no one else had managed to do. And all the world should see at last what he was capable of.

The place of the peace conference, Huber had heard, was to be in Bavaria--in Wildbad-Kreuth, headquarters of the CSU's own Hanns-Seidel Foundation.

The Bavarian in grand style, dreaming of Camp Kreuth--making history in an Empire chair of the Prinz Carl Palais in Munich; the last week for an hour on German television, worshiped by devout prompter Golo Mann; as peace shadow chancellor in the Bundestag, burning his tongue on the word "detente" (of a different sort, of course); the "statesman Strauss" the FRANKFURTER ALLGEMEINE would like him to be, "whose scandals are behind him and who can no longer be touched by any kind of revelations."

The only trouble is that if one checks into the big shattering sayings of detente statesman Strauss, if one traces the aims and purposes of the big world traveler, if one looks into his contacts, one very quickly comes up with the old Strauss again. The cold warrior beset by oldfashioned fear of Russian encirclement and Marxist world revolution and traveling in obscure circles of rightwing agglomerates.

The man who at one time called on the Greek colonels, Salazar and Franco and now cultivates contacts with the regimes in Chile, South Africa and Zaire and waves large banknotes and checks among extreme rightwing parties in Spain and Portugal--who, like his aide Friedrich Zimmermann, at center-right parties talks into the camera without any semblance of embarrassment.

But there is less potency now. The Bavarian is deficient in influence, funds and organization. So he has to be content with occasionally detoured

company donations, secondhand operators and wornout messengers from the Kreuth kitchen.

On the stage Strauss performs the role of Helmut Schmidt; behind the scenes Franz Joseph is in his own milieu.

In his great passion (Strauss: "I am from Bavaria and am a politician...and for 30 years I have also been active in politics outside or above or beyond the Bavarian confines"), the Bavarian has to rely on background information, which is increasingly difficult to get hold of for one who has been away from power in Bonn for such a long time.

The big time of the CSU sorties in the Federal Intelligence Service (BND) against the SPD and FDP and for the CSU leader from Bavaria apparently are over for good--certainly since Klaus Kinkel, close confidant of FDP Chairman Hans-Dietrich Genscher, took over as president in Pullach.

An 11-page anonymous memorandum sent to the party chairman by CSU Secretary General Edmund Stoiber on 27 December 1978 by messenger describes the misery of the CSU people.

Concerning the change in leadership at the BND ("the Kinkel coup of the regime") it states: "In foreign, defense and grand economic policy, the opposition has now been turned blind and deaf for good, hopelessly overrun by allegedly realistic facts in the hands of the coalition. At best the CDU/CSU in a roundabout way can obtain some information from friends abroad, which however does not have the representative validity of Kinkel's situation reports." (See insert)

Insert: Excerpts from anonymous BND study at CSU headquarter, presented under the headline "Surrender to the Horde of Red Proletarians."

The change in the leadership of the BND has to be looked at from various points of view. Following, for the time being, is only an outline of some of the aspects.... One thing should be realized from the start, however: the Kinkel coup of the regime, in which the opposition (once again!) slinked off with its tail between its legs, does not constitute a routine change of state secretaries. Rather the switches were set in such a way as to make possible some vital effects on the people, the nation, NATO, Europe--nay the whole free world. The BND, it happens, is one of the most important aids in the decisionmaking of the federal government....

If the opposition continues to hold still in its amazed and nonplused state, the public will be informed about the whole complex of intelligence and security only in passing, through a few reports and well-attuned court announcements....

One has to concede to Wessel certain mitigating circumstances as far as conducting his job is concerned, for at the time, as deputy president and

also as chief of one of the four main divisions, he was soon saddled with a couple of SPD apparatchiks from the Bonn barracks. Being utter amateurs in intelligence, these are not playing an essential role for the time being. Optimistically, Wessel thought he could reeducate them once they were confronted with the business pressure of the realities that arrive and are handled in Pullach.

The expectation, however, was dissipated abruptly after the gang of four of Brandt, Ehmke, Bahr and Wehner assumed power--assisted still at that time by Wienand and Leo Bauer. During the extremely radical interference in the running of the BND which then occurred, Wessel would have been able to show, and should have shown, that he had greater integrity and purposefulness to carry out his job. But he surrendered to the horde of red proletarians who were now his superiors, in the weakly self-delusion that he had to hold out and display loyalty in order to prevent even greater damage....

In retrospect the personal assessment by the new BND president (Wessel--Ed) of his chances of maintaining himself and preserving the integrity of his "service" was completely wrong. He immediately gave way to the demands made of him by Ehmke and his camarilla aides Bahr and Bauer, as well as to the oily charm of the infiltrators (at first showing themselves obedient) pushed into the core of his organization in Pullach from St Paulo....

The "service"--like it or not--was to supply confirmations of the visions dreamed of by Brandt/Bahr/Scheel. No facts were to be presented either to illumine Wehner's tactical manipulations or perhaps even arouse the sleepy opposition. The bulkheads were to be closed particularly against a not yet tamed power of the Springer press. If something leaked out anyway, punitive measures against the journalists and their presumed informants were initiated. Muzzle, whip and defamation became tools of the Brandt regime, whose waves of displeasure of course did not spare the BND either....

One can look forward with suspense to the obituaries from the outfit of Boelling. The most astute hot-air specialists of the regime would have to be mobilized for a eulogy. Perhaps one will make do, however, with a brief report, with the lame excuse that the best BND is one which is not talked about, supplemented by some negative remarks about Gehlen and concluding with some advance laurels for the coming Kinkel business....

And now to Kinkel. Apart from personal cleverness and Genscher's benevolence and Schmidt/Schueler toleration, he does not bring to his job anything but ignorance of the field. Allegedly he received certain introductions into the subject matter in the Ministry of the Interior and in the Foreign Office. His models there cannot have been anyone but Nollau and Wessel/Bloetz.

In addition, as a staff bureaucrat, he had no dealings with people but only with paper. His encounters with foreign diplomats in Genscher's company surely cannot be assessed either as gathering experience in leadership or as enriching his knowledge.

Should it be true that he mapped out for Genscher the trends of his negotiations, one may fear the worst. Giveaway operator would be the mildest way to describe him--and with a view to the attitude of the German foreign minister in South Africa, there are grim prospects for Kinkel's future counsels as a decisionmaking aide....

So now, for a start, he is taking over in Pullach. A business shaken to the core of its organization. Already the mass of specialists will perform their routine bureaucratic service by the rules even to a greater extent than in the past. The climate of the operation is like in the Eastern zone. Just as there, officials and officers, down to the last stenographer, are against the leadership, but since there is no defense, people adjust.

The motto: "Nothing that we do makes any sense, but it happens to be the way we make our living--and if we hold out we will get a pension. There is no opposition even to the worst nonsense, because that would hurt one's career."

In this increasingly dulling mass, only careerists who are party members rise to the surface. Now the Judos are joining the SPD comrades. The new president, as the deputy president before him, are proof enough of how high one can climb without knowledge of the field....

For the pending elections, particularly for Europe and the Bundestag, Pullach too now will supply the propaganda ammunition in accordance with SPD/FDP tastes.

The elections will have key points of emphasis in foreign affairs and economic policy.... Developments in Iran, in the Near East, China, in the United States are unpredictable. But whatever happens, Pullach will supply situation reports invariably supporting the visions dreamed of by Brandt-Genscher-Schmidt.

The press office will do its part, and the media, affected by news filtering and KGB disinformation, will offer the masses of voters a picture of the situation at least apt to ward off completely the CDU with its remaining small-scale protests about domestic and social policy.

In foreign, defense and grand economic policy, the opposition has now been turned blind and deaf for good, hopelessly overrun by allegedly realistic facts in the hands of the coalition. At best the CDU/CSU in a roundabout way can obtain some information from friends abroad, which however does not have the representative validity of Kinkel's situation reports. He will know what doses and language to use, for they say that he knows extremely well how to adjust to media needs and has well-oiled contacts with multipliers.

This future monkeybusiness is covered up by the Parliamentary Control Committee for Intelligence Services, in which the coalition also enjoys an overwhelming majority. In order to be able to regulate, it would be desirable

to check the real information that continues to arrive automatically in Pullach and, by comparison, the excerpts passed on.

To accomplish this, however, representatives of the opposition would have to be authorized to check down to the medium level of the BND. This requires the employment of an experienced top man close to the CDU in the BND leadership or replenishment of the Parliamentary Committee for Intelligence Services by a representative of the Laender, and the strongest party there, in order again to attain an appropriate balance of forces. Since the committee also indirectly includes observation of the Land offices for the protection of the constitution, such a plan can be justified.

Members of the CSU Land leadership wonder about the author of the memorandum. Is it a straggling CSU supporter in the BND, or has Strauss himself dictated the text, as he has been known to do occasionally in the case of questions of particular interest to him?

For some time already, the CSU chief has been trying to do something about the poor information situation--through contacts with "friends abroad" from various intelligence services.

Thus Strauss is in closest contact with Comte Alexandre de Marenches, the head of French foreign intelligence (SDECE). Sometimes he visits de Marenches in his Paris headquarters in the Caserne des Tourelles; sometimes the count, in suitable conspiratorial fashion, comes to see Strauss at the Le Bristol Hotel.

Comte de Marenches, adjutant of Marshal Alphonse Juin on the side of Charles de Gaulle in World War II, has always stayed out of the public eye, even before he was in intelligence. This much is known: The tall nobleman (his height is 6 feet 2 inches) is an out-and-out conservative and dyed-in-the-wool anticommunist--in other words, a man right after the taste of the CSU/CDU candidate for chancellor.

Strauss likes to have the count brief him on the world situation. With the aid of maps the Frenchman explains to the German where in Africa or Asia the Soviets are on the march.

Sometimes the Frenchman and the Bavarian also happen to meet elsewhere--for example, in the antechamber of the Spanish king in February 1977. When Strauss returned from an audience with Juan Carlos, Marenches was waiting there in the company of a close friend--the Austrian emperor's son and influential Strauss adviser Otto von Habsburg.

While the Habsburger was rather embarrassed to be seen by the CSU chief in the company of the intelligence man, Strauss for his part was agreeably surprised to see de Marenches.

Strauss also likes to talk with other top agents, including the Egyptian chief of intelligence. He is in touch with intelligence people whenever the opportunity presents itself.

On 13 February 1979 CSU Bundestag Deputy Hans Graf Huyn wrote to "my very dear Mr Strauss" in a letter marked "personal and confidential": "In addition I would like to inform you that I have just received word from Riyadh that Prince Turki ibn Faysal, head of the Saudi Arabian Intelligence Service and brother of the foreign minister, has agreed to come to Wildbad-Kreuth for the meeting of the Cercle. I think that in light of the situation in the Middle East his attendance will be of special interest."

Strauss noted with felt pen on the margin: "Very illuminating! TV." TV in the case of the CSU chief stands for "Terminvormerkung" [schedule date]: his office was to arrange for a special meeting with the Saudi prince.

The "Cercle" Huyn mentions in his letter, treated as "confidential" at CSU headquarters, is the "Cercle Violet," and only people in the know are aware of what it is all about.

Once or twice a year a circle of rightwing politicians meets sometimes in Madrid, sometimes in Wildbad-Kreuth and then again in Washington or in Bonn, along the lines of a secret brotherhood. Franz-Josef Bach, former ambassador and Strauss confidant who helps arrange the gatherings, last week was unwilling to say anything about either the members or their political stands. "I am not authorized to say anything about it," he remarked.

In this circle the candidate for chancellor meets his extreme rightwing friends such as the Spaniard Federico Silva Munoz, a minister under dictator-Franco, or the ultra Kaulza de Arriaga, who as supreme commander in the Portuguese colony of Mozambique at one time was responsible for a bloody massacre among civilians.

The Portuguese putsch General Antonio de Spínola has been there, intelligence people have been in attendance, and even David Rockefeller and Henry Kissinger have paid their respects to the Cercle.

Invariably the same subject is discussed--how to break down the Russians, how to ban the red danger.

In the closed society a sense of reality and the ability to analyze things objectively are lost all too easily. Here Strauss and Kissinger find their conviction confirmed that soon all Europe will fall to socialists or communists; only determined resistance could prevent the listless old world from becoming the western forefront of the Soviet Union.

The club is called "Cercle Violet" by the CSU after the Paris attorney Jean Violet, one of its organizers. The name of this Frenchman does not have a good ring in Bonn.

Recommended by Franz Joseph Strauss, Jean Violet in 1964, as attorney in the company of Antoine Pinay, prime minister in the Fourth French Republic, had wanted to collect millions in the form of reparation payments at the FRG Ministry of Finance. The documents in support of the demands (it was a question of alleged metal deliveries to the Germans during the occupation of France) were forged. But Strauss had advised earlier to make the payment in the interest of German-French friendship.

In his external affairs effort the CSU chairman relies not only on intelligence service contacts and likeminded people throughout the world; he also depends on an organization of functionaries toeing the line--the party's own Hanns Seidel Foundation.

Since 1977 the foundation has had considerably more money available--a price the CDU had to pay to the Bavarian sister party for the revision of the Kreuth decision to stop acting in tandem in the Bundestag. At that time Strauss forced the CDU sister party to let the CSU foundation have far more tax funds than previously. While in 1977 the foundation had only 1.9 million in tax funds at its disposal, the 1980 subsidy is as high as DM 13 million. In the same period the obligation authorizations of the federal government vis-a-vis the foundation climbed from DM 3.8 million to 15.5 million.

There appears to be an urgent need for improved work with abroad. In a letter to the head of the CSU Land organization in Bonn, Fritz Zimmermann, dated 5 February 1977, CSU Bundestag Deputy Franz Ludwig Graf Stauffenberg complained: "When leading CDU/CSU representatives go abroad, there is also often a lack of sufficient contacts with circles outside the political establishment, such as the press, trade unions, universities and so forth. It should be recalled in this connection that Willy Brandt and Helmut Schmidt built up their reputation at home to a large extent with the help of a benevolent (and carefully cultivated) foreign press."

The emperor's son Otto von Habsburg, who in the past has drawn attention primarily with vigorous advice somewhat outside the constitution, rose to the position of most important adviser to the foundation on foreign affairs. Thus the Austrian, naturalized in Bavaria in 1978, recommended that in case of nuclear blackmail by terrorists one should proclaim a national emergency and appoint a dictator ad interim to insure that there was "a single finger on the trigger."

Strauss invariably protected His Highness. When Habsburg, over the objections of broad circles in the CSU, planned to run for the European Parliament, the party chairman threw himself into the breach for his man at a session of the CSU Presidium on 11 December 1978. Here is an excerpt from the minutes:

"Minister-President Dr Franz Josef Strauss, Land chairman: ...May I make a few remarks, first addressed to my friend Stoiber. Of course I don't like learning from the newspapers that the secretary general is against the

candidacy of Otto von Habsburg, as can be seen from today's MUENCHNER MERKUR. This is distinctly inexpedient. To whom have you said so?

"Secretary General Dr Edmund Stoiber: It was an initial-introduction conversation with the press, such as Tandler always conducted, in the Hirschgarten--a conversation of a rather private nature lasting 2 or 3 hours. The idea was that nothing would appear in the papers.

"Land chairman: May I say something? Why don't you at long last abandon the stupid superstition that there is anything confidential in contacts with the press. After all, you are no beginners who are still bathed in the kitchen. Whatever they learn in the way of background information is news as far as they are concerned. For us the reaction is highly unpleasant, and the cause of it is trust and lack of self-control."

As long as dictators were ruling in the former crown lands of Spain and Portugal of the Habsburg monarchy, the last emperor's offspring was a useful lobbyist for his patron Strauss in Madrid and Lisbon. But after democratic regimes had come to power on the Iberian Peninsula, it was not possible any longer for Habsburg's old friends also necessarily to remain Strauss' buddies--at least not toward the outside.

In 1978 Strauss had trouble with the Portuguese Christian Democrats (CDS) of Prof Diogo Freitas do Amaral, for a long time on friendly terms with Helmut Kohl's CDU and its Konrad Adenauer Foundation.

Whereas the CSU chairman had appeared as a guest speaker at a CDS congress at the spa of Povoia de Varzim in spring 1976, he preferred to give tangible assistance to Kaulza de Arriaga.

In summer 1978 Amaral complained to Strauss in a letter that his party had come to appear in a doubtful light in Portugal because the CSU was supporting not only the moderate CDS but also extreme rightists such as Kaulza.

The CDS professor was particularly bothered by the activities of the Hanns Seidel Foundation. At the time Otto von Habsburg was in the process of drafting a project in competition with the Adenauer Foundation--under the flexible title of "adult education."

In order to be able to free funds from the budget of the minister for economic cooperation, the foundation had to find a Portuguese partner--a route by which Strauss would also easily have been able to channel tax funds into the coffers of the Portuguese rightists. It is always possible to organize educational seminars, and 12 percent of the project total need not be accounted for to the ministry by the organizer anyway.

It did not take long, recalls former CSU foreign adviser Huber, for Habsburg to report that he had been successful. He had come up with 11 names of

allegedly important Christian Democrats; while they did not belong to the CDS, tied to the CDU, most of them belonged to other Christian groups that were not on the extreme right.

But when, in response to Amaral's protest, foundation chief Fritz Pirkel together with Huber and the foreign policy director of the foundation, Reinhard Gepperth, took a closer look at the new partners in summer 1978, he quickly realized that Otto von Habsburg had misinformed his Kreuth patrons--probably in the sincere belief of doing Franz Josef Strauss a favor.

The fact that Habsburg's coup failed was due to adviser Huber's independent research.

The inauguration ceremony of the new "council of 11" had already been scheduled; following a supper, the Pirkel delegation and the Portuguese were to affix their signatures to a document. During the presupper reception Huber took occasion to check on the gentlemen a little, and, lo and behold, the political curricula vitae of the senhores did not quite match the descriptions of Otto von Habsburg.

Seven or eight of the Portuguese, Huber recalls, did not turn out to be moderate Christian Democrats by any means but were members of the Movimento Independente para a Reconstrucao Nacional (MIRN) of former Supreme Commander Kaulza. Two others, recommended by the Duke of Braganza, a distant Habsburg relation, were monarchists. Selveno Selverio Marques, an old Kaulza faithful from African times, was to be the head. In African he had invariably adhered to the motto "Nothing works here without Pide." Pide was Salazar's political police of ill repute.

Huber reported the result of his aperitif research, and the president of the foundation refused to sign the charter document.

Back home in Munich Huber drafted a long memorandum for Strauss about Habsburg's fairytales. The result: Huber was stripped of his responsibility for Seidel business in Portugal, with Strauss thenceforth tending personally to MIRN boss Kaulza de Arriaga--direct, without detour via the treasury of the foundation and without promoter Otto von Habsburg.

Undaunted by setbacks, the CSU chairman kept looking for new ways to finance the worldwide struggle of rightists against the communists.

In spring 1978 Huber brought from Venezuela a call for help by the Christian Democrats (Copei) there. They needed money for their election campaign against the ruling Social Democrats of Carlos Andres Perez. Things had not been working properly any longer with the traditionally good support by the CDU and its Adenauer Foundation since Kohl and his Secretary General Heiner Geissler had come to lead the party.

The conservatives in Caracas were therefore betting on Strauss. He came across, proposing that German industry should pay. Particularly concerns

doing good business in Venezuela, such as Siemens, AEG, Bosch and KWU, should send election campaign contributions direct to Copei.

Together with Edmund Moser--for many years the representative of the Adenauer Foundation in Caracas and now living near Munich--Huber came up with a list of possible donors. Strauss in the end personally selected 15 to 20 addressees of firms.

In a two-page letter, Strauss explained to the industrialists why it was also good for their business to relieve the reas in Venezuela. As contact man he named his adviser Huber.

On 8 August the chairman of the board of the electrical company of AEG, who has since departed, Walter Cipa, made himself heard, asking how he could get rid of his mite. He did not want to pay Copei direct. Instead he proposed sending DM 50,000 to an address always ready to receive donations for the CSU--the Bayerische Staatsbuergerliche Vereinigung e.V. [Bavarian Citizens Association], at Prannerstrasse 1 in Munich. Gerold Tandler, at that time still CSU secretary general, agreed--a little prematurely, as it turned out. The very same day Cipa sent a letter to Strauss, complete with "self-explanatory" check.

The receipt, however, only showed a manipulation. Rather than putting down the actual purpose (assistance for Copei), Cipa wrote on the notification of disbursement: "Donation is intended for the CSU for the purpose of the CSU's work abroad--specifically educational matters abroad."

While the AEG chief thus had a proper proof of donation, there was trouble later in the CSU.

While Strauss as early as 11 September expressed his thanks "for the generous donation" for the CSU's work abroad, an argument began in Munich--which was to last for months--as to what was to be done with the DM 50,000 in account 208.261 of the Bayerische Vereinsbank [Bavarian Bank Association].

For in the meantime the case of Bonn tile manufacturer Nikolaus Fasolt, at the time president of the Federation of German Industries, had become known. Fasolt had transmitted donations for the CDU to the account of a European consulting firm in Liechtenstein disguised as fees for having received expert opinions.

Tandler successor Edmund Stoiber was worried about trouble with the government. He issued instructions that the Cipa money in no circumstances was to appear on an account of the CSU or the Seidel Foundation. In turn, direct transmittal from the account of the Staatsbuergerliche Vereinigung to Copei or to account 338.673 with Schweizerischer Bankverein in Zurich (owner Gerold Moser, brother of Edmund Moser) accepted by Copei was rejected by the managing director of the Staatsbuergerliche Vereinigung, Wilken von Reden.

He thought it was too risky to have in his books an incoming receipt for the CSU and an outgoing receipt for Copei or Gerold Moser.

Finally, Huber recalls, Stoiber hit on the notion of simply holding on to the DM 50,000: Cipa had his receipt, Copel did not know anything about the AEG donation, and the CSU could always use the money.

But Huber had already informed the Venezuelans of the AEG gift. Thus the white-blue financial acrobats finally decided to use his account as a point of transit for the AEG money.

Stoiber's argument was that the foreign adviser was a private person and the tax authorities were not likely to audit him. The Staatsbuergerliche Vereinigung was now out of its predicament as the money was sent to a CSU address. The CSU was rid of its worries since the DM 50,000 had not touched any of its accounts.

On 10 January 1979 the sum of DM 50,000 was credited to Huber's account, the purpose of its use being given as "known." On 16 January Gerold Moser acknowledged "receipt of check No 4017437041 for work abroad in South America" in that amount.

The foreign political activities had meanwhile also caused disquiet among CSU Bundestag deputies, particularly those who in their turn would like to be closer to the chairman. They are bothered by Strauss listening too much to the foundation and its director, chum Siegfried Lengl.

CSU Deputy Hans (Johnny) Klein blackened the foundation in a letter to the party head dated 8 June 1978, writing: "The Hanns Seidel Foundation is not in such good shape as apparently you are being told by interested parties.... In light of your opportunities of exercising personal international influence, in light of the clear foreign political line of the CSU and in light of the worldwide activities of the Hanns Seidel Foundation made possible as a result of the Kreuth decisions, I regard the top leadership and organizational strength of the foundation as inadequate."

Klein then made a case for founding a "German Africa Foundation" in which the CDU's Konrad Adenauer Foundation would participate in addition to the Hanns Seidel Foundation.

Strauss refused. After writing "edb" (for "acknowledge letter with thanks") on the letter, with doubly crossed lines (standing for "the boss wants to sign the reply personally"), he noted some instructions for employees who were to work out a draft for him: "An Africa foundation must not infringe on CSU work in other African countries or place it under the control of the CDU--hence restriction. D. Mudge (Dirk Mudge, the white head of the CSU-supported Democratic Turnhalle Alliance, DTA, in Namibia--Ed) has complained bitterly that he has not received any assistance at all from the CDU. The incident in the Bundeshaus restaurant 'HSS [Hanns Seidel Foundation] comes up with crap, only crap and nothing but crap...' certainly was not helpful."

The letter of reply signed by Strauss says about this: "The recent incident in the restaurant of the Bundeshaus, in which the work abroad of the Hanns Seidel Foundation was disparaged in partly vile language was certainly not helpful for comradely cooperation between the CDU and the CSU and between the two foundations."

Others--the U.S. intelligence service CIA--assessed the work of the Hanns Seidel Foundation more positively.

Pertinent pointers can be found in a document dated 23 March 1979 which, in the opinion of insiders at the CSU Land headquarters, originated with the BND.

The CSU chairman must have considered the document important, for it bears his handwritten note "GS/BK/HSS"--meaning that his office should pass it on to the secretary general, BAYERNKURIER and the Hanns Seidel Foundation--which was done on 27 March 1979. The text:

"1. Initially sporadic indications concerning CIA points of intelligence-gathering concentration in the direction of the Federal Republic of Germany have lately jelled to the effect that the Konrad Adenauer Foundation and particularly the Hanns Seidel Foundation (so far the Friedrich Naumann Foundation and the Friedrich Ebert Foundation have not been mentioned) have met with operative interest on the part of the U.S. agency.

"2. Indications are that the interest in the HSS is based on the assumption of the CIA leadership that in particular the HSS is acting directly on behalf of the Bavarian minister-president both as far as foreign intelligence is concerned and in the implementation of quasidiplomatic or covert actions.

"It appears that the CIA is proceeding on the assumption that some of the HSS representatives abroad are 'the party's own suppliers of information' who 'differ from BND residents merely in that they have received less typical intelligence training.' This 'paraintelligence' and 'covert action' activity (exercising political and financial influence, 'acting as go-betweens in business deals useful to the party, extending to arms trade') is attributed to the HSS by the CIA particularly in the following countries: First Namibia, Zaire and Nigeria; then Morocco, Togo; Greece, Portugal, Turkey; Manila, Hong Kong/Peking; Jordan and Saudi Arabia; finally the United States itself and 'South America.' 'Acting as go-betweens in business deals' allegedly entails HSS entanglements with MBB, Krauss-Maffei, Air-Bus Industries as well as commercial enterprises in the food and pharmaceutical sector.

"3. It also appears that the CIA expects systematic intelligence action by the MfS [GDR Ministry for State Security] and KGB against HSS representatives (and their offices) abroad and consequently envisions in this terrain a possibly fruitful tip basis for its own counterintelligence directed against the East bloc agencies."

In the passage about "paraintelligence" and "covert action" activity of the foundation abroad, Strauss underlined some of the mentioned countries and towns with felt pen--Nigeria, Turkey, Manila, Hong Kong, Jordan and Saudi Arabia.

The CIA was on the right scent: it was a question of arms.

On 16 October 1976 Strauss in a backroom of the Munich beer bar "Franziskaner" received the black guerrilla leader Holden Roberto, leader of the Western-oriented FLNA in Angola. Strauss had brought CDU Bundestag Deputy Werner Marx with him.

Holden Roberto complained that the West was leaving him in the lurch. On top of that, Mobutu Sese Seko, dictator in Zaire and a friend of Strauss ("cher ami") had cheated him.

Arms deliveries which Henry Kissinger had promised to the FLNA and which were to be smuggled to Angola via Zaire had been seized by Mobutu for his own army. Moreover, Kissinger had promised much more than had actually been delivered by the United States to Zaire.

Strauss defended his "Cercle" brother, saying that Kissinger had wanted to but the U.S. Congress, extremely reserved since Vietnam as regards supplying arms to areas of tension, had not let him.

At that point Holden Roberto took the CSU chairman himself to task. The Germans too, he complained, had made promises which they had failed to keep.

Visibly embarrassed, Strauss did not want to continue the conversation in front of witnesses. Yes, yes, he said; he knew all about that. And proceeded to break off the talk.

8790

CSO: 3103

FRG COMMENT ON POSTPONEMENT OF SCHMIDT-HONECKER MEETING

Uncertain Dates

Frankfurt FRANKFURTER ALLGEMEINE in German 1 Feb 80 p 1

[Article by Ernst-Otto Maetzke: "Uncertain Dates"]

[Text] The cancellation of the scheduled meeting between the chancellor and the top man of the other German state is the most important signal to date that hails from the East, and it signifies the deepening crisis of the international situation. Nevertheless, an explanation is in order. It is well known that Honecker chose a polite, almost regretful way of informing Helmut Schmidt of the cancellation, indicating that he was following instructions from Moscow, whether he liked it or not. Everything else is speculation, beginning with the FRG government's supposition that because of the complicated situation the Soviet leadership created with the invasion of Afghanistan, it is especially interested in keeping intact the line of communications with the FRG, and, with this in mind, German-German relations are the most useful. In the meantime, the Bonn coalition, especially its stronger party, has come to the realization itself that it is the most suitable instrument the Soviet Union could use to gain an influence on the discussions within the Western alliance. The opposition assessed the situation similarly and from the very beginning was extremely suspicious of the impending talks between Honecker and Schmidt.

Now it appears certain that Moscow's leadership is momentarily in no hurry at all with regard to these talks. It wants to try neither directly nor indirectly to influence Western opinion by way of Bonn. What might be the motive? There has been no lack of hints on the part of Bonn--for instance, allusions to "partial detente"--that Soviet politics would be able to count on a rather substantial measure of German as well as European cooperation to keep the volatile Mideast conflict from spreading to Europe; in other words, semi-acceptance of the invasion of Afghanistan and defiance of the American president. Clever Soviet politics, using peace propaganda, appeasement and assurances of good conduct--perhaps in the case of Yugoslavia--could easily have produced frictions in the Western alliance. As a grandiose television spectacle, the Schmidt-Honecker meeting could have served such intentions. But, for the time being, they decided to do without it.

Only the appointment calendar for the next few months will show whether it is even the right theory to assume that the Soviet leadership is currently very much interested in direct or indirect verbal contacts with the FRG government because Bonn might be able to use its leading position to slow the increasing solidarity among the partners of the Western alliance. As far as the chancellor is concerned, a meeting with the leading exponents of Soviet policy between Pentecost and the October election, be it in Moscow or in East Berlin, could not be something he would want: To make Ostpolitik part of the 1980 election campaign would not be as useful to the Bonn coalition as it was in 1972; the voters have become much more intelligent by now. On the other hand, such meetings might be possible in early spring or beginning with late fall. It makes a big difference, however, whether it will be soon or later.

There might be incentives for a merely short-term postponement of Eastern attempts to establish contacts with the chancellor. Indeed, it is possible that the Soviet Union will try to use him as a more or less silent advocate within the Western alliance, the partners of which want to move closer to one another--except, the Soviets want to wait a few weeks until the worldwide indignation over the attack on Afghanistan subsides a little bit. And the GDR has an urgent need of money and a constant need of prestige. Every attempt to set a date for the talks by the end of April or the beginning of May could serve such goals pursued by Moscow and East Berlin. Moreover, if following the cancellation a new date should be desired relatively soon and urgently, the FRG government would find itself in a favorable situation: Because of its willingness to oblige, it could demand those concessions in the German area--above all, a significant reduction in the "travel age" of the GDR population--that had originally been the purpose for the talks with the SED party chief.

If this should not be the case, however, and if the Eastern side should come to the conclusion that "favorable conditions" for talks with the German chancellor may not exist until late this year, analysis becomes more complicated and it becomes more difficult to calculate the facts, because many more things will change during the course of this year than was the case last year. It is uncertain whether the Western world will forgive and forget the Soviet invasion of Afghanistan as quickly as previous invasions; it is possible that a permanent hardening of East-West relations will set in. In addition, there may be changes in leadership at the top of the superpowers. And those political forces that are currently active in secondary theaters of the world scene will possibly take on greater significance at a later date.

Right now, the chancellor is first paying a visit to President Carter, which will not present any problems. Nevertheless, following that an important symptom for the world situation could be the timing--whether soon or later--for the request of his presence for talks with the other side. He should not appear impatient: The other side must state its position to make sure that there is indeed a signal. To be sure, to date he has not shown impatience--except once, during the heated discussions of his Social Democratic party

rally. Nevertheless, if he continues to patiently demonstrate his willingness for talks with Moscow and East Berlin, he does not have to do anything else; it is not necessary for him to hesitate when fulfilling his duties to the alliance nor to neglect solidarity with America. The next move is up to the East.

Continuing Consensus

Hamburg DER SPIEGEL in German 4 Feb 80 p 20

[Article by Wolfgang Seiffert: "Consensus in Spite of Crisis?"]

[Text] Preceding his emigration to the FRG in 1978, author Seiffert, 53, was vice president of the GDR Society for International Law, an SED member and adviser to the East Berlin government. Currently, Seiffert is a guest professor for international economic law at the University of Kiel.

In spite of Afghanistan and the East-West crisis, there have been no indications to date that either Helmut Schmidt nor Erich Honecker wanted to break off inner-German talks. For that reason it was even more surprising that a statement was published last Wednesday, appearing simultaneously in Bonn and in East Berlin, indicating that the "working meeting" between the chancellor and the GDR State Council chairman, planned for February, had been postponed until a "suitable date" could be found.

Whoever is applauding this decision by using the argument that Bonn has finally demonstrated its solidarity with the United States is doubly wrong, because Bonn did not postpone the meeting unilaterally. Rather, both sides mutually agreed to choose a date for this year which would provide "as favorable conditions as possible."

The implication is: The FRG government and the GDR are emphasizing once more that they consider the meeting necessary and are expecting positive results from it.

Considering the extent of the current crisis and the fact that both German states are integral parts of their respective alliance systems, this arrangement seems certainly proper—even clever: No talks at the moment, since the present time is unfavorable and would not permit good results, but also no cancellation.

Consequently, it would also be too simplistic to talk down to the GDR by saying that its sovereignty exists only when its "big brother" grants permission. The assumption that Moscow itself has not yet come to grips with the analysis of the "situation after Afghanistan" seems a more accurate assessment.

Above all, however: The necessity of the Schmidt-Honecker meeting remains undisputed--and, consequently, it must not be dropped from the agenda.

The debate whether detente can be practiced in part or not is sometimes a rather philosophical one, but whatever the answer, there is only one concrete consequence: No reason at all exists that tensions in one region of the world must inevitably spread to another one. On the other hand, it is indeed necessary to deal with such dangers right away, as soon as they appear. The Schmidt-Honecker meeting is one of the aspects of effective crisis management.

Moreover, when the Basic Treaty of 1972 was concluded, both German governments agreed "to consult each other concerning questions of mutual interest, particularly those that are of importance to the preservation of peace in Europe." Has there ever been a time when it was more important to conduct such consultations than the current situation which affects both German states and Europe?

In December, Honecker was still proposing permanent political consultations between the GDR and the FRG government, which--similar to the German-French talks--were supposed to become a firm arrangement. No doubt, the arrangement reflected a "coordinated policy" with the Soviet Union, but there is also no doubt that Honecker's initiative serves the GDR's interests as well.

In contrast to the Soviet Union and in spite of its involvement in Africa, the GDR is not primarily a military power but, above all, an economic power. Since--in this capacity--it is much more dependent on the development of worldwide trade relations than are other CEMA nations, the GDR urgently needs continuing detente, because only then can it increase its exports and receive credits to make possible the continuation of its economic, social and consumer goods programs and to guarantee domestic stability.

In this respect, it is much easier for the FRG. And yet: In view of its worldwide economic involvement, dependence on raw materials and the energy shortage, are Bonn's interests really very much different from those of the GDR?

Thus, it is possible--although caution is in order--that there is something like an indication of a national consensus among Germans, evident in the desire to conduct the Schmidt-Honecker meeting at a favorable time during 1980, no matter what?

8991

CSO: 3103

WEST BERLIN MAYOR STOBBE INTERVIEWED IN VIENNA

AU071451 Vienna DIE PRESSE in German 7 Mar 80 p 2 AU

[Interview with West Berlin Governing Mayor Stobbe by Ewald Koenig in Vienna on 6 March 1980]

[Excerpt] Vienna--West Berlin's Governing Mayor Dietrich Stobbe sees his city as a barometer for the state of the policy of detente. On the occasion of his visit to Vienna, at the invitation of Mayor Gratz, DIE PRESSE asked him on Thursday [6 March] what this barometer indicated after the Afghanistan crisis. "We know that we are very much dependent on the relations between the two big powers. Since the Afghanistan crisis we have closely watched how the treaties are functioning that we have obtained during the era of the policy of detente, and that have enormously helped our city: There have been no indications of any change for the worse, neither in the form of diplomatic hints nor in practical life," Stobbe declared.

Just as Vienna is exerting a mediating function between East and West, Berlin is also seeking a conciliation of interests, Stobbe said. And the shock of the events in Afghanistan may well give a new impetus to the endeavors for detente, considering that the policy of detente came into being only after the Cuban crisis, and that the Berlin quadripartite agreement was concluded during the war in Vietnam.

Berlin is the "only energy supply island in the world," because it is not yet connected to any power grid, Stobbe said. The necessity for autarky in the field of electric power supply has already led to two smog alarms this year. "We are extremely interested in establishing a power link with West Germany that will enable us to reduce the expensive reserve capacities and the expensive peak load power production of our city."

In reply to the question of whether the project of obtaining energy from the GDR has thus been finally discarded, the Social Democratic government chief of the western half of Berlin, who is only 39 years old, declared: This is not what we are interested in. What we are interested in is a power link between West Berlin and West Germany. A combination would be

conceivable, however." What he meant by this is potential aid for the GDR regarding its brown coal technology.

The final phase of the negotiations on the construction of a super highway between West Berlin and Hamburg have shown "that this detente system is productive." The GDR has certain interests regarding the electrification of railroads throughout the GDR, and "the question is now whether the FRG will make a financial contribution toward the electrification of the transit railroad routes to and from Berlin." Asked whether any promises have already been made in this respect, he said: "This is now being negotiated. All I can say is: Rapid progress cannot be expected, but the matter is promising."

CSO: 3103

COMMENTATOR STRESSES IMPORTANCE OF CIVIL DEFENSE

DW060902 Bonn DIE WELT in German 6 Mar 80 p 6 DW

[Editorial by Wolfram von Raven: "The Hole in the Security Umbrella"]

[Text] Under the impression of the Afghanistan crisis a debate has set in about security policy in our country which could bring about correctures of the concept. It is important, however, also to attribute critical attention to civil defense which so far has been just a torso. Therefore the plans of the alliance dealing with the military defense against an attack hardly could be implemented on the territory of the Federal Republic in the planned way, if ever the hour of truth should strike. The armed forces could carry out their function only as long and as far as the lives of the populace they would have to fight for would be protected within the limits of the possible. Since so far the protection of citizens has been widely neglected, doubts exist with regard to the moral ability of the soldiers and their full exploitation of the material potentials of the army in case of defense.

Naturally the gaps cannot be closed from one day to the next--because of the financial and organizational efforts involved. But a program must be introduced which in its conceptional and bugetary layout would promise a permanent increase of efforts to eventually eliminate the shortcoming.

In order to achieve it one needs the persistent and continuous will of the political leadership which with the help of clear argumentation could very well achieve the psychological preparedness of the people to yield to the necessities. An investigation of the Allensbach Demoscopic Institute showed in 1977 that 56 percent of the populace consider the necessary protective means as sensible. With a proper campaign for the matter the majority probably could be increased considerably, reducing the opposing minority to those people who do not want to have a fire brigade because they do not like the fire.

The deficit of shelters really demonstrates a shocking lack of our security policy's credibility. According to official statistics the Federal Republic has only about 1.8 million places in shelters, which mathematically would

suffice for 2.9 percent of the populace. But really usable shelters are being offered to only 0.83 percent of our people, while Switzerland and Sweden could place more than 70 percent of their populations in usable shelters.

Would under such prerequisites the concept of staying at home, at which the theory of civilian defense is orientated, stay its test in practice? Would the citizens living in the east of the Federal Republic maintain strict commonsense and abstain from fleeing to the West? Could it be avoided that the concentration of and supply for setting up military defense would be hindered by movements of the populace? Could the army fight when it had to believe that in doing this it would endanger the life of the nation?

What matters is not--as intellectual and ideological opponents sometimes claim--the "total bunkering" of the Federal Republic, meaning the conversion of our countries into a molehill which would protect everybody against the effects of nuclear weapons. But what matters is to offer the citizens of our country protection against the risks that would arise in the conventional phase of a battle, which would simultaneously give the armed forces a chance to offer effective resistance.

If the construction of shelter lacks funds, and if even the modest budget provisions have not even been totally utilized, then this presumably is due to the fact that this matter of security hardly suits the motto "panem et circenses," bread and games, which many people in our society are following. Who would dare demand on a fine-weather island the equipment for bad-weather periods if this is at odds with the inclination to mistake freedom for pastime? Why was it generally neglected, for example, to equip underground garages and subway stations with protective facilities, with laudable exceptions confirming the rule?

But it is true that it is not money alone that is at stake; what likewise matters is the training and leadership of the service for protection against catastrophes since the experience with water, fire, and snow disasters have been showing for quite some time that considerable shortcomings must be overcome in this field. Yet the local authorities seem to gradually grasp the expediency of engaging retired officers and noncommissioned officers who have learned staff work from scratch and, hence, are capable of coping with the tasks differing from the usual administrative work. Besides, they can contribute toward building bridges across some trenches between the military defense and civil defense, trenches which would have to be overcome for the purpose of the achievement of an overall defense of our state and people.

Not only the managements but also the different branches of the service for the protection against disasters should be imbued with the leadership experiences and leadership rules of the army, since tactics and techniques in the civilian units play roles similar to those in the military forces. This directly leads to the question whether the units of civil defense can be satisfied with volunteers in the long run or whether--like the units

of military defense--they must recruit their personnel from conscripts. This would also make it possible to engage reservists not needed by the Bundeswehr.

So far the answer has been lacking. There has been a lack of courage to raise financial and personnel demands for a task which, meanwhile traditionally, has always been praised as a humanitarian effort in the Federal Republic, to be sure, yet which has not been recognized and treated as a political demand for the strategy of security.

CSO: 3103

SPD'S EPPLER DISCUSSES ENERGY STAND IN BADEN-WUERTTEMBERG CAMPAIGN

Bonn DIE WELT in German 23 Jan 80 p 3

[Interview with Erhard Eppler by Horst Stauffer and Gottfried Capel: "Moscow Guilty of Major Political Blunder, Eppler Says"]

[Text] Even after the recent events in the Middle East, Baden-Wuerttemberg's SPD chief Erhard Eppler continues to hold on to his energy policy "scenario." He explains to DIE WELT why it might now "even be a little bit more cogent."

[Question] In presenting its ideas for a coalition in Baden-Wuerttemberg, Mr Eppler, the FDP has given a half-hearted stamp of approval to atomic energy. Suppose there is a landslide--would you be able to live with this approval?

[Answer] During the campaign the FDP has been unusually skeptical, critical, if not altogether precise comments on the subject of nuclear energy. As far as I can see, their position and ours, which calls for no further construction over the next 4 years, can very well be reconciled. Chances are they would support our rejection of Wyhi and our agreement to plugging Philippsburg II (now under construction) into the power grid, provided that the question of waste disposal is resolved.

[Question] The events in the Middle East have changed the world situation somewhat sooner than was to be expected. Do you feel that your energy policy "scenario" still makes sense?

[Answer] Maybe even a bit more than before. The main thrust of the scenario and of the 14 points I presented at the SPD party convention in Berlin was that it would be cheaper, less dangerous, more beneficial ecologically and less difficult politically to conserve oil by better utilization, by insulation, by building different automobile engines and by introducing different transportation policies than to substitute nuclear power for oil. This thesis has never been seriously refuted. One more thing: By the time any nuclear powerplant now being planned actually goes into operation, we will be reading about Khomeyni and Karmal in the history books, if at all.

[Question] Chancellor Schmidt and you do not agree on nuclear power. Nonetheless, the chancellor was willing to support you in the Baden-Wuerttemberg campaign. How can these differences of opinion be plausibly advocated within the SPD?

[Answer] The chancellor and the party at the Land level--it is not simply a question of me personally--do agree on most energy policy issues: priority for coal, considerable skepticism as concerns nuclear power. There was only one point about which we wrangled in Berlin. Our argument ran as follows: If the regulations governing the construction of new nuclear powerplants are so strict (as was spelled out in a majority motion in Berlin), then would it not be simpler, and perhaps even more honest, to add that no permits for new construction will be issued during the next 4 years. The chancellor did not agree with the motion; nor did the North Rhine-Westphalian delegates who then proceeded to defeat our motion. But if you look at the North Rhine-Westphalian SPD platform, you will see that they, too, are not in favor of issuing new construction permits for the time being.

[Question] In the nuclear energy and the modernization issues, the SPD left wing sustained two defeats. The personnel decisions also were unfavorable. Would you call these major reverses?

[Answer] The real problem over the past few years has been that it is not as clear as it once was which positions are and which are not leftist. Is it a leftist position, for example, to look for an alternative energy policy, or is it not? Does a strong environment-oriented policy constitute a leftist position or not? There were some real disputes on these issues between Horst Ehmke and myself. The new thing at the convention, which gave me cause for optimism, was that a rather large group has evolved--perhaps as many as two-fifths of the delegates--which is taking a "leftist" and at the same time a strongly environment-oriented position. Such a grouping will make it easier than before to come up with a policy once again which will attract people inside and outside the party who have never given any thought to the question of whether they incline to the left.

[Question] After the Berlin convention you said that these groups which now make up about 40 percent of the SPD would be in the majority fairly soon.

[Answer] Yes, and that was before I learned that the North Rhine-Westphalian SPD was about to adopt for its own Land the very motion it had helped defeat in Berlin. There is a fundamental change in the mood. It left its imprint on the better part of the 1970's; it will be even more marked in the 1980's. It will materialize in the SPD first because it is a progressive party more attuned to new needs.

[Question] Could we return to the Middle East once again. During the debate leading up to the NATO decisions last December, you said that the stationing of additional medium-range missiles in West Europe would amount to a provocation against the Soviet Union. Do you feel there is a need to reconsider your estimate of global security needs in view of the Soviet invasion of Afghanistan?

[Answer] What I said was that the Soviet Union might look upon this decision as a provocation. In foreign policy matters I always feel it is worth following Bismarck's maxim of trying to step into your opponent's shoes. Whether the NATO decision did or did not help blow some fuses in Moscow we will not know for sure until the historians have gained access to the archives. Unfortunately, every step that leads to greater tensions serves the other side as a pretext for introducing measures that in their turn lead to further tension. Often it is difficult to find the first link in the chain and even more difficult to get to the end of it. We must do everything in our power to prevent this conflict from spreading to Europe. What the Soviet Union has done in Afghanistan is aggression; it is illegal, and above all it constitutes a major political blunder which has greatly weakened the Soviet position internationally. It is incumbent upon us to deter aggression everywhere--and that means Soviet aggression or any other. But it is not incumbent upon us to involve FRG troops in conflicts not our own by, for example, widening the NATO sphere of operations.

[Question] Over the past 2 years there has been a rather tense relationship between you and large segments of your party in Stuttgart. It is said that you were almost ready "to throw in your hand." How can you tolerate such tension?

[Answer] In our Land--and even while Wuerttemberg and Baden were still separate--there has invariably been tension between the party organization and the party's deputies in the Landtag. Since I hold the position both of Land party chairman and minority leader, I have been subjected to some of this tension. But I do not really think it has increased. It was more pronounced in the 1960's. I also do not think it will make it more difficult to work out a common policy after the election. Every clearcut policy creates tension. I am certain that any other policy in our Land organization would lead to even greater tensions.

[Question] There is repeated speculation about a change in the SPD leadership in Baden-Wuerttemberg. If your party remains in opposition again this time, will you stay on both as chairman and minority leader, for the full 4 year term?

[Answer] There has been only one Land party chairman since World War II who has held this post longer than I, and that was Erwin Schoettle. I have been chairman for 7 years now. I do not deny that every politician's potential actions are influenced by election results, but it looks as though we will be able to reduce substantially the gap between us and the CDU on 16 March, a gap which amounted to no less than 23 percent 4 years ago. At the moment I see no reason for resignation.

[Question] Do you feel that your personal future in the party will hinge on clear gains at the polls in the upcoming election?

[Answer] What counts is that we reestablish the political equilibrium in Baden-Wuerttemberg, or at least come closer to it. The most important thing is the equilibrium between the two major parties. Despite our expectations of appreciably narrowing the gap between the CDU and the SPD, a good deal will remain to be done over the coming years. I have always let the party know that I will be available for as long as I feel the party wants me. And that goes for the future, too.

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CSO: 3103

YOUTH IN DKP DEMAND RIGHT TO CRITICIZE GDR

Bonn DIE WELT in German 23 Jan 80 p 2

[Article by Heinz Vielain, datelined Bonn: "DKP Youth Feel Kept Under East Berlin's Thumb"]

[Text] Inside the DKP there is growing opposition to a link between the communists in the FRG and the GDR rulers. Young functionaries above all no longer want to be puppets of the East Berlin SED. Like their fellows in Italy, France and Spain, they are claiming the right to criticize the faults of the GDR social system. In a circular letter to party members, a group of young DKP activists has announced for the first time its intention of openly opposing the DKP leadership on this question. It is said that this group has been in close contact with dissident communists in the GDR for some time.

The circular letter of the group, which is composed in the main of graduates of the DKP education center, the Karl-Liebknecht School in Leverkusen, reads in part: "Our party leadership considers its main function to consist in defending every last occurrence in the GDR according to the formula 'who did what to whom?' This has made us a laughing stock among the population, in the factories and the unions and has affected our credibility adversely."

The letter of the so-called "Leverkusen Circle" contains an express affirmation of "friendship with the GDR," but with the following proviso: "But the DKP, as an autonomous and equal member of the communist world movement, must be entitled--just like our comrades in Italy, France, Spain and Romania--to voice open criticism of proven shortcomings of the GDR's social system. And we must also make it clear to the working class in our country that we wish to pursue our own independent path toward socialism, given the different conditions existing in the FRG."

Despite all their efforts "along the road to socialism," the opposition elements inside the DKP feel that there is no hope of gaining the confidence and support of the major part of the FRG population because of the obvious dependence of the DKP on the GDR. "Lacking this confidence, the working people of this country will look upon us as they have for years--as a sect, paid for and under the thumb of the SED, which feels no other obligation than to serve the interests of the GDR."

The DKP functionaries--"most of us are factory workers in heavy industry"--concede in their three page, mimeographed circular letter to DKP members that the present party leadership will not permit them to realize their aims overnight. In any event, the party leadership, dominated by so-called intellectually unstable comrades who are fighting "alcohol rather than the class enemy," will have to give up quite a few rigid, dogmatic positions.

The dissidents say they accept the fact that once the discussions get underway, the DKP leaders will accuse them of splitting the party or even of collaboration with intelligence organizations.

The group feels that the DKP must become a "revolutionary workers' movement," such as it was for years under the aegis of Rosa Luxemburg, Ernst Thaelmann, Max Reimann, Hugo Paul and Heinz Renner. In place of such "major worker leaders," the communists of today are being headed by mere party officials. "They accept gifts and additional salaries from the capitalists who run our party-owned businesses, while our pensioners and students are asked to pay higher party membership fees and make contributions," the circular letter says.

Opposition to the DKP leadership had been noticed at the past several conventions, when younger members vainly tried to have motions adopted which aimed at keeping the CPSU at arm's length.

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NEW AIR FORCE WEAPONS, SYSTEMS DESCRIBED

Bonn TRUPPENPRAXIS in German Feb 80 pp 126-134

[Article by Lt Col Engr Manfred Laumann: "New Weapons System and Projects of the Air Force--Development and Procurement Status"]

[Text] Staff Section VII (Armament) in the Air Force Operations Staff is responsible for system control and project coordination involving new weapons systems and projects from the start of the concept phase until the completion of the procurement phase within the context of Air Force materiel management. The only exception here is the TORNADO/MRCA weapons system for which a separate system management setup has been established on account of its vast scope, complexity, and significance. Presently, Staff Section Air Force Operations Staff VII is working on 14 systems and 20 projects on different phase levels according to the guidelines contained in the Armament Edict (General Edict on the reorganization of the armament sector of the Federal Defense Ministry dated 28 January 1971) or the DV [Data Processing] General Edict (reorganization of electronic data processing in the area of the Federal Defense Ministry, DV General Edict, Federal Defense Ministry, Organizational Section 1, File Number 62-02, dated 10 April 1973). This includes also the projects within Air Force materiel management for which the Army or the Navy are the customers (VBH--liaison and observation helicopters, PAH--AT helicopter, MPA 80--Maritime Patrol Aircraft 80, Breguet Atlantic combat value improvement, BHS--shipboard helicopter for the Frigate Model 122). In the following however we will only take up these systems and projects which the Air Force intends to introduce and utilize. The article by Lt Col Engr Manfred Laumann, Air Force Operations Staff Section VII, is intended to present an overview and a status report on the new weapons systems and projects of the Air Force.

TORNADO

The MRCA/TORNADO weapons system is the most complex and most expensive undertaking of the West German Armed Forces which is currently the main concern of Air Force armament as a trilateral community project.

So far, nine prototypes and five preliminary series aircraft have been test-flown for about 3,100 out of total of 5,800 flying hours, in other words, about 7 flying hours per aircraft and per month. The series production of 40 aircraft began with the release of the first lot in 1976. The second lot, with 110 aircraft, was released in July 1977. Overall, 210 Tornado aircraft are to be procured for the Air Force and 112 for the Navy; between 1982 and 1987, four Air Force and two Navy wings will be converted.

Performance expectations have not yet been met in the RB-199 engine, just to mention one problem here. This difficulty must be corrected during a follow-up development phase.

Delays in delivery planning are caused by start-up difficulties in production and by numerous strikes in Great Britain.

Following the testing of the engine and the airframe, the emphasis now is on testing both for the integration of avionics equipment, which is of vital significance in the Tornado's all-weather capability, and with respect to weapons adaptation, particularly the conventional MW-1 multipurpose weapon.

So far the requirements established in the course of flight testing for the start of series production have been extensively met and documented. On the basis of available results, we can expect that the Tornado will meet all expectations. This means that the Air Force and the Navy during the Nineties will have an efficient weapons system with an all-weather combat capability.

The following program has been drawn up for the training of rated personnel; retraining at a trinational pilot training establishment at Cottesmore, England and

Weapons training at Jever

Flying training will start in the autumn of 1980 and weapons training will begin in 1982, first at MFG-1 [1st Naval Air Wing] and, starting in the middle of 1983, at the weapons training group in Jever.

F-4F 'Weapons Adaptation Program'

The F-4F weapons system will be adapted to the requirements of the Eighties. The project entitled "Adaptation of the F-4F weapons system to new, conventional armament" considerably contributes to the improvement of the operational employment spectrum.

Here is what we mean by that:

Increase in target accuracy of conventional guided missiles and air-to-ground weapons as well as employment of electronically and optically controlled weapons.

The current development and testing program in particular provides for the following individual steps:

Installation of a digital weapons computer,

Device for the employment of the L/L FK [guided missile] AIM-9L and

Improvement of radar.

The project will be carried out jointly with the U.S. Air Force as part of the "Peace-Rhine" program and with the firm of MBB [Messerschmitt-Boelkow-Blohm] as the German general contractor for the "electronics adaptation" program component.

The conversion of all F-4F aircraft, including the F-4E aircraft, currently used in the United States for regeneration training, will be accomplished by 1983.

Improving the Combat Value of the RF-4E Weapons System

As part of the effort being made by the Air Force to increase weapons effectiveness, the RF-4E weapons system of the Air Force's two reconnaissance wings will be modified by means of the installation of an armament system at the firm of MBB to such an extent that, in addition to its primarily operational mission, which is "tactical air reconnaissance," it will also be able to handle the additional mission of a "conventional fighter-bomber" (in case of visual flying conditions in the target area) (Tactical Fighter Concept).

The following are earmarked as armaments for the drop ammunition introduced and stockpiled by the Air Force:

BL-755 scatter bombs,

250-kp GP bombs,

Matra,

N-Containers or

LEPUS flash bombs [flares]

The modification includes the installation of an optical reflection sight, a weapons operating panel, as well as an automatic weapons triggering unit.

The conversion of the two reconnaissance wings will be started this year and is to be completed in 1981.

Alpha Jet Weapons System

During the early Seventies, the Air Force decided, together with France, to develop a trainer which at the same time is to be suitable for close-in air support. The Alpha Jet was developed for this purpose.

The development goal was a sturdy and easily maintained aircraft with short loading times between sorties and, consequently, a high mission rate.

The guaranteed performance, which has in the meantime been documented through testing, and the initial practical experiences in the unit showed that the engineering and performance requirements were fully met as far as this aircraft is concerned.

The first 20 series aircraft out of a total of 175 were turned over in recent weeks to the first unit to be converted, the 49th Fighter Bomber Wing in Fuerstenfeldbruck, the 31st Technical Group, in other words, the introduction unit at Leipheim.

Following conversion of elements of the German Air Force Exercise Area Command in Beja in May 1980, the 43rd and 41st light bomber wings in Oldenburg and Husim will get 51 Alpha Jet aircraft, each. Both units will be renamed as fighter-bomber wings after conversion. The completion of conversion has been planned for early 1982.

So far, more than 3,000 flying hours were clocked during testing for which the first series aircraft were also used while around 1,300 flying hours were registered during initial flight operations in the Air Force as such.

The problem involving the cockpit break-open system for the forward cockpit roof, which was still a serious problem at the beginning of the year, was corrected by means of a detailed investigation of this system. It was found that direct firing through the plexiglass can be used without endangering the aircraft commander because the acceleration values are considerably more favorable than in the case of G-91, where this method has likewise been used for many years.

A current problem area pertains to the operational performance of the Larzac 04 engine. This partly unsatisfactory engine performance involves essentially "rotating stalls" in the high-pressure compressor part of the engine. In the meantime, the bilateral management committee has initiated comprehensive follow-up development work and this led to the determination of a technical change which will be introduced into the series starting in March.

Between the time the first aircraft was turned over to the unit in March of this year and today, the operational-tactical and technical-logistic procedures are being checked out as part of the initial flying operations program before a larger number of aircraft will be turned over to the 49th Fighter Bomber Wing and before the operational employment of the weapons system can be started.

MW-1 Conventional Multipurpose Weapon

The MW-1 multipurpose weapon was developed in conjunction with the European Community development of the Tornado combat aircraft. It makes it possible to engage various military targets within an area that can be determined in advance.

Several targets can be engaged by means of projectiles during one over-flight. They are optimized for individual targets and are expelled laterally from a weapons pod by means of gas pressure. Conventional explosives are used exclusively in those projectiles. The various types of ammunition for engaging tank concentrations and airfields are particularly suitable. Because the area to be hit and thus the scatter pattern density is determined by the aircraft crew, the ammunition can be delivered to the target with maximum precision. That is the basis of the tremendous effect of the new multipurpose weapon as compared to earlier conventional drop weapons. The time of commissioning of the Air Force's first Tornado wing, that is to say, the middle of 1983, is decisive regarding the delivery planning for the first MW-1 series devices. In planning terms, the development process therefore was geared toward that deadline. Parallel to the development of the weapon and the types of ammunition, weapons adaptation is being carried out as part of the MRCA flight testing program to document the compatibility of the MW-1 with the Tornado delivery system.

Small Anti-Radar Drone

In order to neutralize hostile electronic location equipment and thus to increase the survivability of our own combat aircraft, the Air Force intends to introduce the "Small Anti-Radar Drone" during the early Eighties. The flying range and the flying performance profile of the drone will be preprogrammable so that the guided missile can approach a target area without external influencing factors, so that it can detect the radiation coming from certain enemy radar units there with the help of a sensor,

approaching that particular source, and lastingly damaging or destroying the antenna system by means of the warhead.

The small anti-radar drone is to be carried along and used by units of the low-level aircraft reporting and control service.

The drone will have the following features:

Designed for one time use as mass-effect [mass-produced] item,

Very simple engineering solutions to result in low per-unit price and very simple handling as well as

Storage over longer periods of time without maintenance or with a minimum of maintenance.

The "Small Anti-Radar Drone" is to be built as part of a joint program with the U.S. Air Force. Other NATO partners are interested in procurement.

AIM-9L Infrared Guided Missile

To increase the fighting capacity of the Air Force's airborne weapons systems, the AIM-9B infrared guided missile, currently in use, will be replaced around the beginning of the Eighties with the modern AIM-9L guided missile. The AIM-9L is currently the most progressive infrared guided missile in the Sidewinder series. The guided missile makes it possible to engage enemy aircraft from all firing positions, from short and medium ranges, and with a high success probability.

It was possible to acquire the rights to a European copy as part of a government agreement with the United States. Production preparations for joint production with Great Britain, Norway, and Italy have been started.

The FRG is the project manager for this program. The national interests of the individual partners will be coordinated through a control committee consisting of representatives from the four countries involved.

The general contractor is the firm of Bodensee-Geraete-Technik which supervises the individual subcontractors in the various countries.

Advance procurement for the West German Air Force from American production inventories has been started. The delivery of this guided missile began at the end of 1979.

The delivery of the first guided missiles from European production is scheduled for early 1981.

Light Transport and SAR Helicopter

The approval of the tactical requirements for an LTH/SAR [Light Transport and Rescue Helicopter], by the directorate of the West German Defense Ministry ushered in the start of this concept phase for this weapons system in June 1979. By the end of the Eighties, a light transport and rescue helicopter is to be introduced into the Air Force as a follow-on system for the UH-1D; it is to have the following capabilities:

Tactical air transport of personnel and materiel,

SAR service,

Tactical service for guided missile and AA rocket units, as well as

Transport of casualties and sick personnel.

Compared to the UH-1D, this particular helicopter is to be suitable for employment also during bad weather due to improved equipment and design coupled with a higher payload capacity.

The project is being carried out with alliance partners.

Air Force Trainer

The Piaggio P 149 D training and liaison aircraft, in use since 1957, are to be taken out of the inventory by 1985. The Air Force justified its requirement for a follow-on model with the December 1977 tactical requirement.

Due to the initial combat observer (KBO) requirement for training in Tornado aircraft (Cottesmore), the training concept is to be changed in the form of basic and advanced training. Possible solutions are currently being investigated in this respect.

Coordination of the tactical requirement with the training concept to be spelled out is a requirement for the implementation of this project. Air Force command decisions are expected on this score early in 1980.

Improved Hawk AA Missile System

The Hawk Improvement Program, which was developed in the United States and which was taken over jointly by the European partner countries, essentially encompasses the improvement of the basic components of the Basic Hawk weapons system, the procurement of new guided missiles, as well as electronic data processing systems. As a result of that it was possible to reduce the reaction time as compared to the Basic Hawk and the tactical effectiveness as well as the system reliability could be increased.

Procurement and conversion of the European Hawk units are being carried out as part of a multilateral Community program. The participating countries, in addition to the FRG, are Denmark, France, the Netherlands, Italy, and Greece. Belgium joined the program early in 1979. The 36 German AA missile batteries were converted to the Improved Hawk. The issue of the new guided missiles is still underway. Initially, problems were encountered above all in connection with the delivery of spare parts and the production of guided missiles.

Starting at the end of 1981, the IHAWK weapons system is to be once again improved as part of a PIP (Product Improvement Program) also in terms of the individual equipment components.

The PIP will make it possible to achieve a further reduction in the reaction times during target engagement and to achieve automatic combat control. This improvement is closely connected with the introduction of a new battalion CP.

In this connection, the Air Force plans to introduce a combat control system which was developed in the United States and which has been introduced also by the U.S. Army in Germany. The TRMS all-around radar search unit produced by the AEG [General Electric Corporation]-Telefunken Company is being considered as sensor while the combat control system is to be introduced during the middle of the Eighties, funding has not yet been guaranteed for the procurement of the radar sensor.

Roland AA Missile Weapons System

The NATO requirement for an AA rocket system with an all-weather capability for facility protection is to be met by the West German Air Force through the introduction of the Roland Weapons System, starting in 1984. Roland is a light, fully-mobile, and all-weather AA rocket weapons system for short ranges. It is suitable not only for the protection of Army units on the battlefield but also for all-weather protection of fixed and mobile facilities or targets. All of three services therefore decided to introduce the Roland weapons system to boost and supplement their own AA defenses. While the Army will use Roland on tracked chassis of the Marder, the Air Force and Navy are planning to develop a delivery vehicle called "Rad" as well as the introduction of a CP which is to tie the weapons system in with NATO air defense.

The West German Air Force plans to procure 175 Roland weapons systems; 18 AA missile flights are to be equipped with eight weapons systems each, and one combat control system, each.

France and the United States are also planning to introduce the Roland. Multilateral management is designed extensively to guarantee standardization and to guide possible joint activities, for example, in the field of logistics) during the utilization phase.

Computer-Supported Command Information System EIFEL/DISTEL

In 1970 the West German Air Force began to build up a computer-supported command information system. It includes the EIFEL project as the system nucleus and the DISTEL subsystem. Addition subsystems are planned for integration.

EIFEL is the abbreviation for the term "Electronic Information and Command System for Air Force Operational Readiness." It is to increase the command capabilities of the West German Air Force by means of the following:

Improvement of timeliness and quality of information relevant in terms of command,

Guaranteeing a continual flow of information from the place of data collection,

Providing aids for situation estimates,

Accelerated preparation and distribution of orders,

Improvement of control over border execution.

This is to be possible in all command spheres and between all command echelons in the West German Air Force.

The data exchange between EIFEL and command information systems used by NATO and other TSK [Command Subsystems?] has been provided for. The interconnected computer grid, which has been in experimental operation since 1974, presently comprises three computers and about 70 data stations at the system users (in other words, the 1st and 3rd air divisions). The buildup of the computer-supported Air Force Command Information System will extend for more than 10 years.

The DISTEL subsystem--representing the abbreviation of the concept "Digital Information Processing System for the Tactical Operations Centers of the Air Force"--is a software system designed especially for planning, preparation, and evaluation of air attack sorties. DISTEL is based on the situation data and transmission functions of EIFEL.

Functional systems have been installed initially in some subdivisions of the Air Force in order to be able to handle the possibilities and management of data processing in the command system through practical experimental operations during routine duty performance. The grid system referred to as EIFEL 1 is now in operational use. Some NATO countries and NATO commands displayed an interest in using this system as the standard solution for the ATOC of the Central Region.

Between 1983 and 1990, EIFEL 1 will be replaced by the EIFEL 2 operational system whose improvement is being planned on a long-range basis.

Air Defense Combat Control System

The LV [Air Defense] Combat Control System essentially consists of three subsystems, that is to say, the "GEADGE" project, the TMLD (Low-Flying Aircraft Reporting and Control Service) project, and the "Big Arber" project.

As part of the GEADGE project, the 412 L CP electronics of the air defense radar positions in the sector of the fourth ATAF will be replaced by a modern system. The present 412 L system, which has been in operation for more than 10 years, is no longer able to cope with present-day technical and tactical requirements. The new system will facilitate central, flexible, and considerably time-saving illustration of the air situation and practical employment of combat weapons through a grid interconnection with other air defense systems and sensors. GEADGE (German Air Defense Ground Environment) consists of the following:

One air defense sector COP (SOC),

Four radar flight reporting and control centers (CRC) as well as three remote automatic radar flight reporting stations (RRP--Remote Radar Post).

A testing and training center will be set up in Erndtebrueck. GEADGE is to be fully operational in 1983.

The low-flying aircraft reporting and control service will close the low-flying detection gap by placing the air space under surveillance from ground level to an altitude of 3,000 meters. It is used within a belt system.

The data supplied by the radars will be passed on with very little delay to the requesters.

The individual project components are partly being developed or procured or they are already in use.

The "Big Arber" air defense post will be set up as part of the GEADGE program as an automatic radar flight reporting station in the Bavarian Forest. It will be used in order considerably to improve air space surveillance in the southeastern part of the FRG.

The radars required for equipment have already been introduced into the German Air Force and will be installed on the Big Arber following technical overhaul and modification. Commissioning is scheduled for 1982.

Air Force Telecommunications and Electronic Reconnaissance Detection and Analysis System

This system is used for the constant systematic and special reconnaissance of electromagnetic radiations. This is done with the help of detection systems for all tactically significant frequency ranges. Analysis is computer-assisted.

The system is subdivided into the functionally interrelated projects:

Forward detection,

deception detection,

control and reporting components,

Analysis center in the Fm range of 70 (with the data-processing program systems MOSEL [Modified Operational System], KOSEL [Complete Operational System], as well as

Acquisition system K (mobile system for wartime use)

The system is to be completed by the middle of the Eighties.

ECM Aircraft HFB-320

This "ECM Life-Trainer" can be used in achieving the constant basic and advanced training of radar, fire-control, and radio system personnel through jamming and deception exercises with realistic simulation. These operators are to get practice in recognizing and providing optimum defense against ECM.

The aircraft is equipped with fixed and rotating antennas, with noise jamming transmitters, deception-response and UHF jamming transmitters.

Four aircraft were procured for the Air Force in the first lot and three of them are available for operational use. One aircraft was lost in 1976 when it crashed during a unit trial. This aircraft and another three aircraft for the Army and the Navy will be procured in a second lot. The delivery of these aircraft will be completed by 1980. By that time, a total of seven HFB 320 aircraft will be in use in the ECM version.

Tactical-Technical Electronic Warfare System

This system is used for constant training of the crews of airborne weapons systems in using airborne electronic warfare self-protection instruments in combination with tactical methods under realistic electronic warfare environmental conditions.

A joint system is being created with the U.S. Air Force and France in the Palatinate-Alsace region radiating typical threat signals from air defense weapons systems.

During the next expansion phase (NATO Long Term Solution) an exercise area is then to be set up within the NATO framework in which it will also be possible to practice tactical weapons employment in conjunction with a realistic ECM threat scenario.

MITAC/SETAC Radio Navigation System

MITAC (Miniaturized TACAN) is a new TACAN navigation instrument for the West German Armed Forces aircraft.

The Tornado and Alpha Jet weapons systems will be equipped with this instrument.

By adding the SETAC airborne accessory, we get an airborne system for the SETAC landing system which enables correspondingly equipped aircraft to land under category II foul-weather conditions.

Besides, with the help of SETAC it is possible--within the limits pre-determined by aircraft performance data--to have the pilot himself select his glide angle and his approach path. Even curved approach profiles can be achieved with SETAC.

The introduction of SETAC considerably improves the all-weather capability and thus also the combat value of aircraft thus converted.

Starting in 1981, the Tornado and Alpha Jet airfields of the West German Armed Forces will be equipped with SETAC ground systems.

Air Force Automatic Command Telecommunications Network

The main operational network of the Air Force is to be modernized through the "Air Force Automatic Command Telecommunications Network" project and is to be developed into an efficient and reliable command telecommunications network.

The project is being carried out during three successive stages for reasons of time, operations, and cost:

Automatic network surveillance,

Automation of basic operational network and

Renewal of transmission equipment.

The first part of the project has already been extensively completed but the other project stages are in the definition or concept phase. The entire project is scheduled for completion by the end of the Eighties.

AWACS

The NATO-E-3A project is a part of the "NATO-Airborne Early Warning and Control System" which was demanded by the three supreme NATO commanders (MNC); Great Britain will contribute to that project with 11 aircraft of the NIMROD MK III type.

A fleet of 18 aircraft is being procured through the "NATO-E-3A Project." The delivery of the first aircraft is scheduled for March 1982 and the 18th aircraft is due in 1985.

The integration of the "NATO-E-3A-System" into the existing air defense systems of NATO will be assured through the supplementation or modification of combat patrol systems included in NADGE (NATO Air Defense Ground Environment).

The NATO-E-3A fleet will be procured jointly by all NATO countries.

The procurement costs come to about DM 3.8 billion. The German share is about 30.7 percent, in other words, about DM 1.18 billion of which DM 496 million will flow back to Germany through the participation of German industry.

It is expected that the annual operating cost share will be compensated for through the economic advantage deriving from the installation of the main operations base in the FRG.

The project has been approved by the appropriate committees of the Lower House. The defense ministers of the NATO partner countries also approved the program at the DPC conference early in December 1978, and so did all other partners. (Belgium of course has not yet made any decision.)

The emphasis in national activities is on the implementation of:

Infrastructure measures to expand the main operations base at Geilenkirchen,

The necessary comprehensive German personnel contribution to the NATO E-3A unit and

The equipment of the main operations base with the necessary instruments, something which the FRG is expected to handle as the host nation.

Future Weapons Systems and Projects

In the September issue of AEROSPACE INTERNATIONAL, General Steinhoff, the former Inspector-General of the West German Air Force, reported on a conversation which he had in the early Sixties with the then undersecretary of the United States Defense Department, Mr Paul Nitze. General Steinhoff writes as follows: "Mr. Nitze asked me why I--as an Air Force man--am of the opinion that the supersonic fighter will be only of very limited value in a conventional role? I replied the aircraft is nothing but a weapon platform and that modern and effective--in other words, adequate--aircraft armament was not available to us. I went so far as to argue that the employment of one F-104, one Starfighter or one Phantom, equipped with the old iron bombs, against ground targets would be the same thing as if one were to give a mailman a Rolls Royce to deliver one letter."

And General Steinhoff continues: "I am afraid that the letter carrier is still using the Rolls Royce because although the NATO air forces maintain that 'they had learned their lessons' the shortcomings in air-to-ground armaments are only too obvious."

To correct this undoubtedly existing situation, the West German Air Force began to plan new and modern drop weapons in qualitative and quantitative terms on the basis of a so-called "armament concept" and to initiate their production.

The "armament concept" established the need of developing and procuring three categories of air-to-ground weapons. They are as follows:

1. Multipurpose weapons, earlier called "area weapons," for counter-air and interdiction missions, is necessary also for direct air support for ground forces.
2. Precision weapons of short, medium, and long range against point targets under visibility conditions for interdiction and close-air-support sorties and under AWX conditions (all-weather, during night-time and foul-weather situations) for counter-air and interdiction sorties.
3. Weapons for "defense suppression" which--like the "small anti-radar drone" currently under development--can be launched from the ground or can be carried by the aircraft as "self-protection missile."

The objective of these Air Force intentions in particular involves the following:

Reducing the sortie/target ratio,

Achieving AWX capability and

Increasing the survivability of combat aircraft employed.

Technologically, there are no discoveries which would cast doubt on the implementation of the armanent concept.

The following must be said specifically regarding the three categories of air-to-ground weapons used.

Regarding Multipurpose Weapons:

MW-1 is currently already far advanced in the development phase. It will be operationally available as the main armament of the Tornado starting in 1983. At the start of its availability it will be the only AWX air-to-ground weapon.

The area weapon called MW-X is to be derived from the MW-1 in cooperation with other air forces. It will close the gap between the small BL-755 scatter bombs and the big MW-1--with only one-fifth of the weight of the MW-1--and it can be used on the Tornado but also on other aircraft, for example, the F-4.

The next development stage will be the SOM, a long-range "stand-off missile" whose warhead will carry a modified MW-X container. SOM is to facilitate stand-off area fire under AWX conditions.

Technologically, the next step will involve the introduction of new sub-munitions whose sensors will facilitate terminal-phase control.

Regarding Precision Weapons:

The Air Force in this sector will first of all start to introduce the Maverick-B. This is a small-caliber, short-range weapon against fixed and mobile point targets. The guided missile is steered by means of TV sensors. The introduction of an improved version with IR sensors at a later date is not ruled out.

Another weapon in this category is the GBU-15 which--without an engine of its own--can be used against fixed, air-defense-protected point targets over short and medium ranges.

The category of "precision weapons" also includes the previously mentioned "stand-off missile" which can be used with a point-accuracy navigation system and AWX sensors against medium-range and long-range targets.

Concerning "Defense Supression" Weapons:

Here we might mention first of all the "small anti-radar drone" which is being procured in large numbers at relatively low cost. This weapon will have cheap sensors and can be equipped with special and multipurpose warheads.

The next step in the category of "defense suppression" weapons is supposed to be a "self-protection" weapon. This will involve a specialized weapon designed to destroy any air defenses. This weapon, which is to be procured in large numbers and at low cost, can be carried along by all airborne weapons systems.

So much, very briefly, for the intentions of the West German Air Force for the coming decade.

Summary

1. The modernization of Air Force equipment is in full swing and the emphasis presently is definitely on airborne weapons systems. But within the foreseeable future this first priority position will quite logically be taken up by new or improved air defense weapons systems. This became clear especially through the recent signing of the tactical requirements for the PATRIOT project.
2. Further Air Force planning first of all provides for a significant improvement in conventional aircraft armaments. A new "Air Force Armament Concept" definitely provides the orientation and goal in this connection.
3. The "number one problem" of Air Force armament--more than ever before and more seriously than ever before--is of a financial nature. The Air Force will have to switch increasingly from weapons requirement planning to fund allocation planning. The initial effects of this situation have already become noticeable this year.

The distribution of funds over the weapons and equipment to be developed here is anything but unproblematical because controversies are always possible as to the importance and the relative value of a project. The armed forces still do not have a set of instruments which enables them, anywhere near, to compare the utility and effectiveness of systems with each other and to determine clear preferences.

4. All new Air Force development projects again and again confront industry with scientific and technological challenges of unusual standing. Risk analyses however show that implementation is not in doubt from the engineering angle likewise even with regard to the most demanding requirements from users.
5. The management of the West German Federal Defense Ministry armament sector and of the West German Air Force is also functioning efficiently and smoothly enough to enable us to predict that the difficulties will always be removed, that the current development and procurement projects therefore will continue to run according to plan, and that planning efforts, whose implementation proves to be impossible for financial reasons, can be compensated for by good, that is to say, practical and efficient alternatives.

NEW 'DEUTSCHE WELLE' DIRECTOR VIEWS MISSION OF FOREIGN BROADCASTS

DW031630 Bonn DIE WELT in German 29 Feb 80 p 3 DW

[Interview with Conrade Ahlers, newly elected director of DEUTSCHE WELLE by Hermann A. Griesser, date and place of interview not given]

[Text] WELT: Mr Ahlers, you are taking over as director of DEUTSCHE WELLE. Are you looking forward to your new job?

Ahlers: But yes! I have hit the jackpot. Granted, it does not come easy to me to abandon my Bundestag election district, but I have always wanted to return to a managerial function. It never was my intention to embark on a diplomatic career. Thus, the management of DEUTSCHE WELLE to me is the supreme objective attainable, for I am very grateful to my friends for their support.

WELT: Actually you were the candidate of all parties. Does this obligate you in any special way?

Ahlers: This strengthens my will to manage the transmitter in a nonpartisan and independent manner and to insure a balanced compilation of the program. I am, you must know, a declared follower of the oft-chided principle of balance.

WELT: At the beginning of your term there is much impressive praise for your shop, for instance, Soviet writer Viktor Nekipelov termed the program "full of content, interesting, and intelligent."

Ahlers: I am gratified to hear this, of course.

WELT: But this also proves that the Russians and not only dissidents consider reporting on their country by Western transmitters very important. Yet very often it has been claimed that such information is at odds with the program mission.

Ahlers: I do not want to discuss earlier controversies, but I do consider it excellent, for instance, that Solzhenitsyn's "Gulag Archipelago" was also brought to the attention of the Russians. DEUTSCHE WELLE has a dual

program mission: The first is to report on Germany and to convey the German view on important issues--which includes the opinion of the opposition as well--and furthermore, to report from the whole world and the particular target area. But above all I would like to stress that DEUTSCHE WELLE is not supposed to be a militant or propaganda station but an information transmitter. But neither do I have the impression that it has been such a militant transmitter or that anyone expects it to be such at all.

WELT: Could the success of certain programs encourage you to extend their broadcast times?

Ahlers: This needs to be examined first. For the time being, however, I am not audacious enough to present the administrative council directly with new demands for funds.

WELT: An expansion of the program for unfree countries might perhaps be managed through a curtailment of the program for free countries.

Ahlers: It is our mission to convey a picture of Germany to all sorts of countries of the world and not just to the East Bloc countries. Besides, not everything has to be viewed politically. Many countries need our information above all for entirely different reasons, for instance, because only very few press publications are available there or because illiteracy prevails. Besides, I feel that the "WELLE" deserves a special role in times of a considerable worsening of the international situation and that we then must do more, also for the purpose of causing others to comprehend the policy of our country, a policy of understanding, because the very distrust of the other is often the source of danger.

WELT: Arousing understanding for the policy of the Federal Republic--does this mean disseminating the stance of the Federal Government?

Ahlers: The Federal Government should not be considered any more than the parties, yet the views of the Federal Government should rank a certain priority in the natural sequence of things. The view of the Federal Government, after all, has a greater degree of importance for policies in journalistic treatment. This does not mean, however, that the opposition may have its say only marginally. Beyond that I agree with my predecessor, Walter Steigner, who once said in an interview with you that DEUTSCHE WELLE must behave like a great independent newspaper.

WELT: Soviet writers Nekipelov and Serebrov write that it would be of greatest interest to the people in the East Bloc if texts of liberal constitutions and international declarations such as, for instance, the declaration on human rights, were read.

Ahlers: I think this is problematic because we must shape our material in a journalistic manner. The broadcasts must not be turned into reading hours.

Yet there will indeed be some topical occasion for something like this, for instance, on the occasion of the conclusion of the CSCE followup conference next fall at which corresponding declarations will be drawn up. In such an event the listener in an unfree country can easily recognize the difference between text and reality in his own country.

WELT: Nekipelov and Serebrov further suggest that the programs and practice of the most diversified political parties of the West be represented.

Ahlers: I very much agree with that. Political and social pluralism is what constitutes the special attractiveness of the Federal Republic. We can use this in particular to make propaganda for our country in an excellent way. At the same time we thereby make plain to citizens of unfree countries the contrast with their state reality.

WELT: The rumor is persistent that DEUTSCHE WELLE and DEUTSCHLANDFUNK will be merged into one broadcasting service after all.

Ahlers: I do not know anybody in political life or in the pertinent institutions who would pursue such a plan. And I am the last to pursue it.

CSO: 3103

KEKKONEN OPENS PARLIAMENT WITH ADDRESS ON FOREIGN POLICY

Helsinki HUFVUDSTADSBLADET in Swedish 6 Feb 80 pp 1, 18

[Text] President Urho Kekkonen urged continuation of disarmament and detente efforts yesterday when he opened the 1980 session of parliament with a speech dominated by foreign policy issues.

If the disturbing events occurring outside of Europe are allowed to influence the European situation it will be a long time in Kekkonen's view before the present level can be reached again--if it can be reached at all.

"The important thing now is to use all channels for the exchange of opinions," he said, adding that in his view the European Conference on Security and Cooperation process "is still the best channel."

He dealt specifically with the problem of disarmament. He said it is in the best interest of all nations to continue and intensify efforts to limit an arms race in Europe. "In my opinion it is still possible to discuss limitation of the nuclear weapons placed in Europe and the ones aimed at Europe."

In this context Kekkonen recalled Finland's initiative in the United Nations last fall in outlining a "European disarmament program."

"In our opinion the nations involved could agree on the general framework and basic principles for talks on disarmament and arms control. The principles generally accepted in connection with disarmament, such as the principles of national sovereignty, respect for the security needs of participating lands, retention of the military balance of forces and adequate international supervision could be used as guidelines with regard to drawing up a disarmament program for Europe," the president said.

In the conclusion of his speech he also mentioned Finland's place in the current international situation. "Experience has taught us that a small country simply can't afford to involve its feelings, sympathies and antipathies in its foreign policy decisions," he said. "Our main goal," he added, "is to secure Finland's independence and self-reliance under all circumstances, thus insuring the security and well-being of our citizens."

Kekkonen's Speech

This is the complete text of the president's speech:

"Mr Speaker, honorable representatives of the people of Finland.

"It has been the custom and it is also written into the constitution that when the president of the republic opens parliament he informs its members of the government's most important plans concerning legislation. This time I intend to deal quickly with this subject. It is my intention to concentrate on foreign policy in my speech. But I would like to point out that it is a vital task to revise the laws on regional policy. The announced bill with proposals for an alien law is also an urgent matter. At the beginning of the Environmental Year it is also heartening that the bills proposing a new conservation law and an air quality law are now being prepared.

"This session of parliament is opening under conditions that are very worrying with regard to international policy. In the last few weeks the mass media have depicted crises and international tension factors for us, practically evoking a so-called Cold War.

"Under the mood of crisis that has been created I was strongly impressed by a frank interview recently with the chairman of the Social Democratic Party in the Federal Republic of Germany, Willy Brandt. The interview stressed the great importance of detente in Europe. Brandt emphasized that the Federal Republic of Germany could not afford to refrain from looking out for its own interests and this included guaranteeing the results of detente in our part of the world.

"What has just happened outside the borders of Europe should not be allowed to spoil the results that have been achieved. If that happens it will take a long time to reach the present level again if that is possible at all. The important thing now is to use all available channels for the exchange of opinion. In my view, the ECSC process is still the best of these channels.

"I want to put the matter as clearly as possible. It is in the interest of all the nations concerned to continue and intensify the efforts to

limit an arms build-up in Europe. An arms race would tend to destroy detente which in the long run is the most important guarantee of the security of all the countries in our part of the world.

"It is a positive sign that the Vienna talks on reduction of armed forces and weapons stockpiles in central Europe have continued. In my opinion it is still possible to negotiate a limitation of the nuclear arms placed in Europe and those aimed at Europe. In recent years very important initiatives have been made along with disarmament proposals, affecting either our entire continent or certain areas of it. Each one of these initiatives and proposals had its own logic, its own background and its own value. But as yet most of them have not been tested thoroughly enough to lead to concrete discussions. And so far the interrelationships between the discussions already in progress and the latest initiatives have not been talked about. And these questions have not been assessed from the point of view of countries not involved in the negotiations.

"During the fall session of the United Nations Finland initiated an examination of how a special 'European disarmament program' should be set up. In our opinion the nations concerned should be able to agree on the general framework and basic principles for talks on disarmament and arms control. The principles generally accepted in connection with disarmament such as those governing state sovereignty, respect for the security needs of participating countries, retention of the military balance of forces and adequate international supervision could provide guidelines for drawing up a disarmament program for Europe. A discussion of these matters should be begun as soon as possible without allowing the difficult international situation to interfere with the initiative and our creative abilities. Of course discussions of a European disarmament program should not interfere with other talks in progress or affect their factual content.

"It is not possible to conceive of a Finland isolated from the European reality of today. Changes in European conditions are reflected in our situation. We realize that our security is improved the more peaceful and free of conflict our continent is. It is therefore vital for Finland to maintain detente in Europe.

"Some people may charge that we are thinking like Juhani of Jukola in 'Seven Brothers' when he said, 'What does it matter to us if the golden fire burns the entire world as long as the northern part of Jukola Farm and its seven brothers are spared?' We are by no means that egocentric. But there is good reason to emphasize the point that the security policy of a small nation gets its force from a certain kind of national self-esteem and devotion to its own benefit if it is to succeed.

"Experience has also taught us that a small country cannot afford to involve its feelings, sympathies and antipathies in its foreign policy

decisions. A realistic foreign policy must be based on awareness of the essential factors in international policy.

"Finland's foreign policy has found and must continue to find its own way in a changeable world. Our main goal is to secure Finland's independence and self-reliance under all circumstances, thus guaranteeing the security and well-being of our citizens. That comes before anything else.

"I wish parliament success with its important work for the good of the nation and declare the 1980 session of parliament open."

Virolainen Hoped for Labor Agreement

In his reply to President Kekkonen, speaker of parliament Johannes Virolainen said he is sure the entire parliament agrees with the foreign policy views presented in the president's speech.

"We all hope that hasty actions will not destroy the results we have achieved in Europe and the entire world through the development of detente," Virolainen said.

Concerning domestic policy Virolainen said with regret that despite all efforts the labor market organizations had not yet reached an agreement on an income policy. He hoped the sides would arrive at a fair and moderate compromise solution. According to Virolainen we can't afford to intensify contrasts at this point.

The ceremonial opening of the 1980 parliament was preceded in traditional style by a church service in Helsinki Cathedral. Archbishop Mikko Juva delivered the sermon on this occasion.

After the opening ceremony in the chamber there was the equally traditional big coffee party for all the invited guests and the people from the parliamentary building in the house dining-room.

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CSO: 3109

PAPER DISCUSSES KEKKONEN'S FOREIGN POLICY ADDRESS

Helsinki HUFVUDSTADSBLADET in Swedish 6 Feb 80 p 2

[Editorial]

[Text] President Kekkonen devoted most of his speech at the opening of parliament yesterday to foreign policy. He put great emphasis on the importance of continuing the efforts for detente in Europe in the present situation. Henrik von Bonsdorff presents this commentary.

In recent years it has been quite unusual for President Kekkonen to expand in detail on foreign policy issues in his traditional opening address to parliament. Finland's relations with neighboring lands as well as with the rest of the world have been good, as they used to put it. Detente had the upper hand in the 1970's which appeared to be relatively secure. And therefore heads of state could devote themselves to less dramatic themes affecting everyday political and parliamentary life here at home.

However it came as no surprise that the opening of the first parliament of the 1980's was different. Back in his New Year's speech to the nation the president drew attention to the ominous signs on the horizon that hovered over the beginning of the new decade. Since then developments have taken a turn for the worse so quickly that President Kekkonen's characterization of the conditions under which the new parliament must work as "disturbing" was certainly not an exaggeration. On the contrary in recent weeks the press and the broadcasting media have delighted in reporting "crises and international tension factors" that inevitably evoke thoughts of the "so-called Cold War" mentioned by the president.

Therefore the opening address was quite consistent in simply making brief mention in passing of some items on the government's upcoming legislation program. Otherwise it was entirely devoted to the foreign policy sector. No one could doubt that the president is gravely concerned about the international situation. But he did refrain from evoking gloomy visions of the future and frightening pictures of what the immediate

future may hold. Nor did he come up with any spectacular moves or any patent solutions of the crisis. The current situation does not invite this type of activity. The present conflict concerns the superpowers and is thus being played out on a level Finland is trying to stay away from as a matter of principle. Our voting record in the United Nations also indicates this.

Instead President Kekkonen strongly emphasized the importance of the detente line that has been our foreign policy guideline in recent decades. In his opinion it is still in line with the interests of all the nations involved not to abandon the efforts for detente now. What has happened outside Europe's boundaries should not be allowed to destroy the results that have already been achieved here. All channels for the exchange of opinion should be utilized. And the best available channel is still the European Conference on Security and Cooperation process, in the opinion of the president.

In this context President Kekkonen made an interesting reference to an interview with former West German Chancellor Willy Brandt, now chairman of the Social Democratic Party and the Socialist International. Brandt stated frankly that the intensified international situation does not alter the fact that the Federal Republic of Germany must look after its own clearly-understood interests. And one of these is active support of the policy of detente and safeguarding the gains already made in this direction. If we abandon them lightly now it could be very difficult to regain the present level later on Brandt said and Dr Kekkonen thoroughly agreed with him.

President Kekkonen said nothing concrete about how the ECSC process should be advanced or the possibilities of holding the planned follow-up conference in Madrid late this fall. However Willy Brandt said that long before the events in Afghanistan he had had reservations about the planned date. This in view of upcoming elections in two important western nations, the Federal Republic of Germany and in particular the United States. A few days ago he expanded on his statement, saying that the Madrid conference should be postponed until next year in any event and that its fate then would depend on the trend of relationships among the superpowers.

The question of the ECSC follow-up conference in Madrid has also been discussed elsewhere. And it is not surprising that there are serious doubts about the possibility of achieving substantial results under the present circumstances. However over the weekend in Copenhagen Danish Foreign Minister Olesen and his Yugoslav colleague said the planned meeting to prepare for the conference ought to be held in any event. One of the items discussed would be the date for the conference itself. Of course there is no point to an assembly that has been pronounced a failure in advance. On the other hand it is risky to wipe out a timetable

that has already been agreed on. Therefore hasty decisions here and now seem unjustified. In any case the goal should be not to seriously damage the ECSC process.

President Kekkonen also spent a lot of time discussing disarmament in his speech and found it encouraging that it has been possible to resume the troop reduction negotiations in Vienna. It is unlikely that any progress will be made but the contact between the sides may prove to have some value.

President Kekkonen also referred to several other disarmament initiatives, including Finland's proposal for a discussion on a separate "European disarmament program." Of special interest in this context is his opinion that "it is still possible to negotiate a limitation of the nuclear weapons placed in Europe and those aimed against Europe." Since the NATO decision on the so-called Euroweapons in December there has been a deadlock in this area since the Soviet Union felt the decision had eroded the basis for discussions. At the same time the SALT-2 agreement has been blocked at least temporarily by the American congress. A softening of attitudes in this vital sector would be an important step forward if Dr Kekkonen's views are correct.

The president concluded by emphasizing that a small nation in determining its foreign policy must gain strength from a certain national self-esteem, a looking out for its own interests. It can't afford to involve its emotions, antipathies and sympathies in its decisions. Finland's foreign policy has found and must continue to find its own way in a changeable world, the president said. This may seem obvious to many people. But the reminder does have a mission aimed at both the public here at home and observers beyond our borders.

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CSO: 3109

ELECTRONICS INDUSTRY WORRIED OVER EFFECTS OF U.S. SOVIET BOYCOTT

Helsinki HUFVUDSTADSBLADET in Swedish 30 Jan 80 pp 1, 6

[Text] The Finnish electronics industry expects problems if President Jimmy Carter's decision to stop the export of electronics to the Soviet Union does not end in the near future. The Finnish electronics industry exports sizable quantities to CEMA nations. And components manufactured in the United States are part of these products. The components are included in the export ban.

Information director Hakan Nordqvist of Oy Nokia Company said the situation is very sensitive right now. A month ago the firm's management discussed the repercussions of President Carter's export ban. It was said at that time that the only thing a small country like Finland can do in this type of situation is to be loyal to all sides.

Nokia has not yet had any direct problems. They will arise if the United States imposes shipment embargoes in all directions and if other suppliers such as West Germany and Japan decide to follow the U.S. example, information director Nordqvist said.

He said that Nokia develops and manufactures a large part of its own products, putting the company in a better position than many other firms. But on the other hand there is hardly a single electronic product all over the world that does not contain a component manufactured in the United States.

Administrative director Arto Lehtikoinen of Datasaab-Valmet is quite concerned. The company has delivered two kinds of apparatus to the Soviet Union which contain components manufactured in the United States. Now there will undoubtedly be difficulties in making these deliveries.

And exports will stop altogether if the U.S. boycott continues for any length of time, he said.

"President Carter's boycott of the Soviet Union does not affect us very much," information director Leo Allo of Wartsila said. "The technology in the ships we deliver to the Soviet Union is not manufactured in the United States to any great extent. And anyway the same technology is manufactured in other countries."

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CSO: 3109

INDUSTRY MINISTER SUNDQVIST REPORTS ON VISIT TO OIL STATES

Helsinki HUFVUDSTADSBLADET in Swedish 29 Jan 80 p 13

[Text] Minister of Commerce and Industry Ulf Sundqvist (Social Democrat) returned Monday evening from his trip to Saudi Arabia and Oman. As a result of the trip Finland can count on continuing to receive some of the oil we need from Saudi Arabia, Sundqvist said.

The trip to Saudi Arabia was an exchange visit. The country's oil minister, Sheikh Ahmed Zaki Yamani, visited Finland last spring.

There were discussions during the latest visit concerning economic cooperation between Saudi Arabia and Finland and oil trade in the long run.

In Oman Sundqvist discussed cooperation in the industrial construction sector and in the mining industry.

The price of Saudi Arabian oil was not a central discussion topic, Sundqvist said. Instead the emphasis was placed on the possibility of safeguarding future deliveries.

The discussions also dealt with other kinds of economic cooperation between Finland and Saudi Arabia. Finland already has a firm foothold in that country and has a chance of participating when Saudi Arabia starts making use of its mineral resources within a short time, Sundqvist stated.

During his trip Sundqvist also went to India and attended the Delhi meeting of UNIDO, the United Nations Industrial Development Organization. Sundqvist noted that the general political situation had not interfered with the course of the meeting, at least not so far. But he did not expect great results from the meeting.

The views of different groups are too far apart. Sundqvist also pointed out that in his opinion the group of developing nations has not yet been able to present and define its own goals.

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CSO: 3109

NEW NAVY CHIEF KLENBERG DISCUSSES TECHNICAL DEMANDS, SHIPS

Helsinki HUFVUDSTADSBLADET in Swedish 30 Jan 80 p 9

[Text] Abo--There is good reason to consider whether in the future we should enlist more men in the navy, particularly in view of the increasingly advanced technology we have to deal with and the reduced quota of draftees, according to the new chief of the naval forces, Rear Admiral Jan Klenberg, speaking in Abo on Tuesday. Admiral Klenberg visited Abo naval station and saw the home fleet among other things and on Wednesday he will be meeting with county governor Paavo Aitio, Lieutenant General Urpo Levo and city manager Vaino J. Leino.

"I agree with my predecessor, Jorma Haapkyla, with regard to our technical standard and the good situation in general in the navy at the present time," Jan Klenberg told the press. "For example our personnel are very well-trained though few in number--a problem for all the armed forces."

Technology is a special problem for the navy since it requires personnel with special training and that is the reason for the long-range plans to increase the number of enlisted men in the fleet to take care of ship duties. At the same time the number of draftees would decline.

In the future when the reserve pool per year declines from what we used to consider normal, around 40,000, to 30,000 or less we will be increasingly forced to rely more heavily on reservists and on maintaining their preparedness, Klenberg said.

Actually the navy has no recruiting problems, since three or four times as many as can be accepted apply for naval duties each year, but there is a danger that the navy's ability to pick and choose will decline in the long run. On the other hand the present system with physicals and the like for draftees even before the actual inspection has provided the navy with better material to start with than in the past--although that unfortunately means that a good many also fall by the wayside.

Gaps Exist

"Recent years have seen an upgrading of naval materiel, due especially to the state measures aimed at stimulating the shipyard industry. Above all we are starting to get our small tonnage and our maintenance tonnage in order.

"Things are not quite as good with the combat units, the so-called escort ships, 'Uusimaa' and 'Hameenmaa' of the Riga type are falling apart. 'Uusimaa' will be removed from active service in a few weeks and 'Hameenmaa' will also be downgraded to a second-class vessel. There are undoubtedly other gaps.

"The current project, 'Patrol Boat 1980,' will fill some of the gaps but there will be shortages anyway and we can't count on any significant new projects in the 1980's," Jan Klenberg said.

Important Enlisted Personnel

"Enlisted personnel are of great importance in the navy and that includes our recruits, since the navy has such a technical emphasis," Klenberg stressed. "Technical developments are also very rapid and this means we will need more and more specialists in the future, calling for an increase in the number of recruits.

"In the armed forces it is obvious that we have a social duty to see that regular personnel get along better in the housing accommodations offered by the services. In recent years regular personnel have been trying to move out of armed forces housing in increasing numbers, partly because the rents are so high. We must try to reduce rents so they are at least competitive with those on the free market.

"There are other relevant problems at the Abo fleet station: the unit doesn't operate in Pansio alone, there are bases in other places too. Among other things the Skinnrvik fleet station should be built up in the near future."

Klenberg was also glad that the fleet unit stationed at Abo--the main operative unit of the naval forces--had now resumed its old name, the "Coastal Fleet," a move actively supported by Jan Klenberg's predecessor, Jorma Haapkyla.

6578

CSO: 3109

GOVERNMENT OUTLINES ENERGY-SAVING MEASURES

Paris LE MONDE in French 25 Jan 80 p 32

[Article by Ph. L.]

[Text] On Wednesday, 23 January, Andre Giraud commented on the energy report he had delivered before the Cabinet that morning (see page 11). The fact that the report dealt with the non-nuclear aspects of the policy being followed was not at all accidental. For Giraud, it was a question of proving that the government's action is not limited to the application of the largest electronuclear program in Europe, although that very day, several organizations were denouncing the "all-nuclear" policy of the government.

It was a shrewd move, but was it convincing? The chapter heads sent to the press on Wednesday: energy conservation, national hydrocarbons program, use of coal, non-nuclear electric power equipment program, solar policy, the green program for energy, heat recovery and heating systems, are of a kind to satisfy the supporters of a real diversification policy. But from there to the conclusion that the government is shifting directions is a step that it would be premature to take.

The government wants to develop coal's role in energy consumption and that is undoubtedly a good thing, even if it does result in increased imports that cost large amounts of foreign exchange. The fact that it emphasizes the importance it attaches to the development of geothermal energy and heating systems is noteworthy, and its intention -- repeatedly affirmed -- of implementing a "vast green program" is promising. However, to speak, on this basis, of an energy redeployment seems excessive since the means devoted to such a policy appear so slim.

The following are the decisions and guidelines drawn up by the government:

Energy conservation: Giraud said that the year 1979 marked a turning point. The behavior of consumers has changed, and industrial investments in the area have tripled, totaling 2.9 billion francs. At the end of 1979, energy savings amounted to the equivalent of roughly 18 million tons of oil (MTEP),

while the objective set by the government for 1985 is the equivalent of 35 million tons of oil. Overall, oil, which amounted to 67 percent of France's energy supply in 1973, represented only 37 percent in 1979.

Two modifications are being made in the system of bonuses paid to industry. In 1978, it was decided not to grant bonuses to investments having a cost greater than 3,500 francs for the equivalent of 1 ton of oil saved. This ceiling has now been raised to 7,000 francs. Inversely, the minimum of 800 francs for the equivalent of every ton of oil saved, under which no bonus was paid, has now been raised to 2,000 francs.

Finally, in this area, the government will grant more aid to local collectives. Agreements may be made with the Agency for Energy Savings and a bonus of 400 francs for the equivalent of every ton of oil saved can be allocated to communes with over 40,000 inhabitants. Other communes will receive the bonus through special advisers having signed the agreement with the Agency.

The national hydrocarbons program: Decisions and guidelines drawn up at the planning board meeting of 10 January are now confirmed (LE MONDE, 12 January).

Coal policy: The government intends to develop coal's role in the consumption of industry and collective heating systems. The objective was set at 10 million tons in 1985 and 20 million tons in 1990 (compared with 3 million at present). In order to encourage the shift from fuel to coal, financial incentives comparable to those instituted to develop energy savings will be implemented. Considering the savings on foreign exchange achieved in this fashion, these financial advantages should be nearly equal to half of those granted for investments aimed at saving energy. The commercial promotion of coal will be encouraged and research will be undertaken in order to improve its mobility.

In order to make the most of reserves in the Provence Basin, it was decided to make mining investments in a new shaft west of Gardanne, complete more infrastructure work and build a new electric powerplant with a power of 600 megawatts. The total cost of investments will be 2.5 billion francs.

Finally, Giraud will meet with the mining unions in order to join with them in examining the consequences of this new orientation of the coal policy.

Solar energy: The use of solar energy in housing where social equipment will be encouraged. The 1980 objective is to set up 40,000 solar water heaters, double the amount now existing. For this purpose, contracts may be concluded between the Ministry of Industry and builders, who may benefit from the exoneration from the refundable advance paid to the EDF [French Electric (Power) Company] for housing heated with electricity, within the limit of the number of solar waterheaters truly installed.

A procedure of aid to foremen for preliminary studies for projects that might include a solar variation will be set up. In general, this aid will be equal to 50 percent but limited to 10,000 francs. For larger or particularly demonstrative projects, the aid may total 50 percent of the total cost of the study.

The green program for energy: An energy-saving program will be launched in the agricultural sector. The objective is to conserve the equivalent of 3.5 million tons of oil in 5 years.

A program aimed at developing agricultural energy (wood, straw and, when further studies are done, alcohol) will be drawn up before the end of the year. The combined interplay of energy savings, the adaptation of a certain number of technologies and the production of energy of agricultural origin, the possibilities of agricultural participation in the improvement of the national energy picture are: the equivalent of 6 million tons of oil in 5 years and the equivalent of 15 million tons of oil in 10 years.

In addition, a certain number of projects using the energy applications of the biomass will be carried out.

Heat recovery and heating systems: The government wants to accelerate the heat recovery policy, which presumes the development of heating systems. The bill making it possible to carry out this action within a suitable legal framework will be included on the priority agenda of the two Assemblies. Precise bills will be proposed to local collectives.

11,464
CSO: 3100

TECHNICAL-INDUSTRIAL PARTNERSHIP WITH INDIA BACKED

Paris L'USINE NOUVELLE in French 24 Jan 80 pp 44-45

[Article by Rene Le Moal: "Giscard-Indira: Towards a Technical-Industrial Partnership"]

[Text] The return in force of Indira Gandhi, in a moving geopolitical context, should be the occasion for the West, and particularly for France, to help the largest democracy in the world to resume its march towards industrialization.

Indira Gandhi has regained power in New Delhi. When, in a given country, the opposition wins, it is not necessarily because it has more ideas than the government in place, but often because the latter has no ideas, no longer has them, or has ideas too bad to be kept. Mrs Gandhi herself had experience of this when she pitifully had to quit the scene, chased out by a heterogeneous coalition which only a violent aversion for her person and for her methods held together. In its own turn this coalition has felt the vengeance of the daughter of Nehru, an able, strong, and patient politician, whose stature and destiny de Gaulle would have appreciated, as after all they are comparable to his.

If the people have a short memory, is it different with companies? Although of patrician origin, Indira Gandhi had adopted a socialist manner of speech without great originality but rigid, which translated itself into the economy by a policy of granting privilege to heavy industry and advanced technique. That was worthwhile in India, where the diabolical pair of excessive births and undernourishment reigned, where basic industrial equipment was almost complete--including what was necessary to make an atomic bomb--and not negligible, for it brought the country to the category of tenth industrial power in the world. An attempt at technological acculturation, undertaken at the same time, provided the country with highly-valued technicians, devoted to their duties and rather numerous, qualified at a good operational level. Result: significant exports of capital goods and of "gray matter," of many products "totally Indian" under foreign license, of thousands of employees, a general pride at being Indian.

A few good harvests, by relieving the trade balance, ended by creating the feeling that they were taking off. At last there was hope.

However, there it was: industrial development, natural disasters and episodes like the Bengal war (former East Pakistan) led to an extraordinary concentration on the cities, where only a middle class of government employees and technicians found satisfaction--at least satisfactions which real estate speculation and the lack of consumer goods left to the middle class. The concern with planning and ordering things, the desire to create jobs without ever abolishing them, a mistrust of the great and petty clerks of "business" and especially of the "multinationals," led the State to assume directly or indirectly the conduct of a considerable number of companies, even small ones, which would depend henceforth on it, that is, on the Administration. The largest firms grew still further, launched themselves into incoherent production and without great concern for their prices at which they might make a profit. They are much less "sophisticated" than one repeats complacently in France these days, but they are characteristic sufficiently of Indian industry. To top it off, in a desire for balance the government gave emphasis to cooperation with the Communist countries, going so far as to place orders with their engineering enterprises, which had never seen so much of them, in various categories: factories, port facilities, and even a part of the Calcutta subway. They went so far as to create a Soviet-Indian "joint venture," the HEC (Heavy Equipment Corporation), which was to receive orders for heavy equipment from India and from the USSR.

At the end of the first "reign" of Indira, if no one could say who could have done better and how, considering the gigantic problems which had been raised, State or mixed capitalism triumphed, individual initiative was weak, productivity was mediocre, unemployment (official figures) doubled, technology was ordinary, companies were overblown and ill-matched, imports were prohibited, prices were frozen or subject to check, public services were slow or insolent, corruption was growing. Above all, they had forgotten the countryside too much, where the majority of Indians live. In all, the Spain of the 1960's. Beside hope, there was disillusionment. A fall. But it was also true, thanks to foreign cooperation and to the intelligence of Indian managers, the country had been provided with factories, which is generally the beginning of security, the best remedy which has been found up to now to make up for the hazards of the monsoon.

It was also at least a contrasting heritage which Mrs Gandhi left. The first of her successors, Mr Morarji Desai, 83 years old, did not have the necessary strength to change direction. Encountering the formidable inertia of all the bureaucracies, he could only--and it was one of his merits, quite forgotten today--open some windows in the choking structure of regulations, particularly in the customs and financial field. But she liberated at the same time the forces of the inflationary evil. Worn out, he turned over his place to one of his ministers, Mr Charan Singh, the promoter of the best idea which came up in this semi-liberal interregnum.

of 32 months: create small and medium-sized enterprises [PMI] in rural areas, based on the capacities and availability of farmer proprietors, while requiring, if necessary, large enterprises, "public" or not, to place orders with them.

Why "Business" Supported Socialist Power

By forming a middle class at the national level and no longer only at the level of the cities it was a matter of filling the gigantic gap which separated the cities from the countryside and also of creating a true internal market, of setting development on solid social and cultural foundations, generating normal economic circuits. Accused of preparing the entry of the country into the capitalist world, this plan nevertheless had a beginning of implementation and of consensus. Companies provided themselves with an incredible number of sub-contractors but, on the whole, they held back. In any case the countryside was not ready. And Mr Singh himself was too weak for this great country, which suffers more than others from the energy crisis. The coal mines, although nationalized, numerous, and accessible but disorganized, were not even capable of supplying the factories and the cities. The richness with which the soil, the sub-soil, and the coasts of the country are choking, was not seriously put to work. Political bickering undermined the authority of the leaders, who fell apart. To the point that, they say now, "business," discouraged and finally preferring the order of an even socialist government to the disorder of several others, even better intentioned, reportedly financed the electoral campaign of Mrs Gandhi. But what business?

At the end of this month of January Valéry Giscard d'Estaing will go to Delhi for a visit planned for a long time. The Quai d'Orsay, it seems, had never taken the successors of Mrs Gandhi very seriously. Did it take its own representatives seriously? There are, in any case, numerous reasons for becoming more active. Beyond the return, and for a long time, of the woman who is called "the empress," the region (which has always been strategic in the eyes of the British and even—but who would recall it--of the French Army) has suddenly appeared in the eyes of all as strategic since the invasion of Afghanistan by the Soviets. One can be sure that Mrs Gandhi will try to take advantage of it.

Towards Less Dogmatic Orientations

Whatever its prior disappointments, the realism which one attaches to it and, in any case, the problems of India should lead it, at least in the economic field, to less dogmatic orientations. To a country attacked by inflation and the increase in petroleum prices the Soviets cannot provide any decisive aid. On the foreign markets western capital goods and engineering firms, surprised for a moment by the low prices of their third world competitors, have reacted. More than ever, consequently, it is time for a technical-industrial partnership--and more precisely and logically,

with Europe. The latter should understand that "the largest democracy in the world" is, more than generally believed, at the mercy of uncontrollable popular movements. The first foreign chief of state to establish contact with Mrs Gandhi, will Valery Giscard d'Estaing be up to proposing to her, in the name of the Old Continent, measures which would lead her to renounce a rather outmoded game of somersaults?

In the Files of the President

Franco-Indian trade shows a tendency to deteriorate, overall, to our detriment, but that obscures improved performance by our industrialists.

What the Administration Could Do

Review the Franco-Indian financial protocol, because it is poorly used and not very attractive:

- Its total could be increased and could amount to Fr 800 million;

- Its conditions could be improved (longer credit, lower interest rate, involvement of the French Treasury as a modified bank);

- It should be adapted to new Indian industry (fewer large projects);

Resolve the problem of double taxation definitively. Call a new meeting of the Franco-Indian mixed commission. Jean-Francois Deniau, minister of foreign commerce, has such a project in mind for the spring of 1980.

What Industry Hopes For

Steel: Will India construct other steel works on the ocean? One, at least, could be built by France (Cofransid, Creusot-Loire-Entreprise, CGEE-Alstom are following this).

Automobiles: India wants "its" own industry and "its" own model of automobile. Who will provide them? The struggle remains undecided.

Trucks: Renault Vehicules is presently undertaking road tests in the country.

Offshore Oil: The Americans are still very strong. The French firms ETPM (Entrepose group), GEP, and Bouygues are fighting, not without success.

Agricultural, Mining, Oceanological (Fishing) Material: Immense possibilities but still confused. A maritime seminar will be organized by Acti- in Bombay next March.

Instrumentation, Regulation: Controle Bailey, Telemechanique are making an impact.

Health, Pesticides: Also a market for the future, but difficult. On the field of battle, Laboratoires Robert and Carriere (hospital division), Rhone-Poulenc.

The Projects of the CNPF

It considers the Indian market promising over the long term. It therefore sees developing its activity of industrial cooperation with India and especially with the small and medium-sized Indian industries in accordance with methods which have been proved effective in French-speaking Africa (a special organism was created: the Cepia).

5170

CSO: 3100

COST OF OLYMPIC BOYCOTT TO FRANCE OUTLINED

Paris L'USINE NOUVELLE in French 7 Feb 80 pp 38-39

[Article by Dominique Gautron: "Olympic Games: the Price of the Boycott"]

[Text] With the Olympic Games six months away, what will become of the contracts entered into between French industrialists and the Soviets? Many of them are being completed. In case of cancellation the true losers will be the official furnishers of goods, who will not benefit from the hoped-for publicity impact.

To go or not to go? The alternative offered to French politicians and sportsmen has already been resolved by the industrialists, who have been fighting for two years to make themselves felt on the other side of the Urals. It is true that the Soviets have polished up their organization in the course of the Spartacades which already occurred in June, 1979, as a dress rehearsal and as a test of materials. A few months before the opening of the Games, everything is in place and little is lacking for the olympic village to be ready to receive the athletes, at least those who will be authorized there!

Nothing Is Yet Truly Decided

In the storm which has affected international opinion the French industrialists have not succeeded in hiding here a certain unease, there a disappointment. Of course, most of the contracts are in the course of being completed. Of course, the behavior of the Russians in commercial matters has not been questioned by anyone. Of course, nothing is yet truly decided; the boycott could be suspended. So the French industrialists involved in various ways show a certain waiting attitude.

There is, first of all, the group of those who have delivered their merchandise and who have been paid. The Cosmos Hotel is the most striking example of this. Its publicity having largely been taken care of by the press, the SEFRI group no longer has much to expect from the Games. Spie-Batignolles, which is in the course of completing the work of extending

Moscow airport, is in the same situation. From 90 to 95 percent of the payments have already been made.

Another series of companies is in the same situation but hoping for a new order in the coming months. Multitex, which has delivered book-binding machines, is expecting two orders "if the Games take place." The same thing applies to the Stal company. But the money involved is insignificant (only one percent of overall sales for Multitex).

On the other hand a considerable quantity of smaller items is on the way to being delivered: carpets, curtain material. Overall, the tendency is on the side of optimism. At the BAT-Taraflex company they see no reason why the 9,000 square meters of carpet remaining to be delivered should be questioned. Only the Sarneige company--which is to deliver 5,667 square meters of gymnastic carpet in March, 1980--fears a cancellation. But they think it would be difficult for the Soviets to drop one element which, after all, is not very expensive compared to the rest and which is a vital need.

But, As the Fateful Date Approaches, the Concern Grows

The clothing and textile firms risk being more seriously affected, because they are the last to make their deliveries. The Adidas company is in the course of making 34,000 sets of equipment under the "Arena" label, for the committee organizing the Games. In case--highly improbable, they think, at the Alsatian company--the contract is cancelled, the alternative solutions are limited, for the design of the equipment is very specialized. But the losses would not be dramatic for the company, or at least this is what they say at Landersheim.

In more fragile condition are the small companies which wanted to profit from the Games and from their "original" designs to inflate their sales figures. The Serigraphie company of Font-Ivy, which was to provide 100,000 banners to the United States, 50,000 to France, and 250,000 to Belgium, very quickly concluded: the American market is bolted shut, France is rather lukewarm, and Belgium is in the course of reconsidering. They are far from selling the 600,000 banners announced six months ago!

In the same manner the Monblazon company obtained exclusive rights--apart from the countries of Eastern Europe--to use the seal of the Olympic Games, transferred by the heat process onto T-shirts. This market should not bring in more than Fr 100,000 and must be handled piece by piece.

It is in connection with the last-named group that the problems are the most delicate. The official suppliers of the Games, even if they observe a certain detachment in connection with events, can only with difficulty hide the uncertainties of their position. Because if the chosen companies prefer to remain silent on the way which led them to become suppliers for the Games, the companies that were rejected will talk.

The Setars company (ground compounds for sporting events) was beaten out by an American company which offered one more track in colors than it did. The Bodet company (posting the times) gave up when faced with the money demanded by the Soviets (Fr 700,000). These current practices are justified by the formidable publicity impact drawn from the Olympic Games, when they take place! Thomson-CSF, CII-HB, Adidas, and Kodak nevertheless display a solid optimism. They pretend to ignore that their contract will have no return unless it is provided with a publicity counterpart. If the Games do not take place, the material given in exchange for their label will weigh heavily in the balance sheet.

In fact the optimism of the companies concerned comes from the fact that the bulk of them are persuaded that the Games will take place. With the spread of the anti-Games campaign, and as the fateful date approaches, concern is growing among them. Soon, they will have to calculate the profit and loss resulting from the boycott.

The French Contracts Involved

<u>Companies</u>	<u>Nature of Contract</u>	<u>Amount Involved</u>
SEFRI (real estate)	Hotel Cosmos	Fr 670,000,000, 95 percent paid
THOMSON-CSF electronics	100 cameras, 140 radio relays, 39 TV cameras	Fr 150,000,000 in course of delivery and payment
SPIE-BATIGNOLLES (civil engineering)	Extension of Moscow airport	Fr 150,000,000 90 percent paid
CII-HB (information)	One Iris 80 computer	Fr 80,000,000
SEMS (mini-computers)	9 Solar mini-computers	in the course of
STERIA (information service)	Logiciel computers	delivery and payment
CLESIO (equipment for steel industry)	Installation of pipes for Olympic Games	Fr 20,000,000
COMPAGNIE GENERAL DE RADIOLOGIE (medical)	Exposition of material during Olympic Games followed by sale	Fr 15,000,000
KODAK FRANCE (photography)	Film, TV center, material	Fr 5,400,000,
DEBRIE SA (photography)	for development of film	largely paid for
ADIDAS (sporting equipment)	34,000 sets of equipment	
BONNET (furniture)	Kitchen equipment	Delivered and paid for
SARNEIGE (floor coverings)	Gymnastic carpet (5,667 square meters)	Delivery end of March
BAT-PARAFLEX (floor coverings)	Sports carpets, 18,500 square meters	Fr 1,100,000, 50 percent delivered and paid

<u>Companies</u>	<u>Nature of Contract</u>	<u>Amount Involved</u>
SALQUE (clothing)	Ties	
SERIGRAPHIE PONTIVIERNE	Banners (200,000?) ordered by the USA, Belgium, France, North Africa	Sale in the United States cancelled, limited in France
MULTITEX (preparation of pamphlets)	Bookbinding machines	Fr 200,000, paid
MEGRAS (timepieces)	6 large clocks, clocks showing the hour and date	Paid for, except for a recent delivery
STAL (curtain materials, etc.)	Benches, bookcases, curtain materials	Paid for
DE VISU (office supplies)	Panels, pictures	
MONBLAZON (emblems on swimming suits)	Away from Olympic Games sales in France and Belgium of hot transfers of Olympic Games symbol	Fr 100,000, maximum
LAZARD (bank)	Sale of gold commemorative medallions	

Note: This list is evidently not exhaustive (many sub-contractors are absent). Thus, the Hotel Cosmos, almost 100 percent French, was constructed with the assistance of many other companies (Compagnie des Lampes Mazda, Lainiere de Roubaix, Tapisfil....). Adidas, for example, worked in cooperation with more than 10 companies.

TOTAL: About
Fr 1.1 billion

5170
CSO: 3100

ARMS INDUSTRY FEARS LOSING BUSINESS TO RESURGENT U.S.

Paris LE NOUVEL ECONOMISTE in French 11 Feb 80 pp 46-47

[Article by Gilles Coville and Olivier Drouin: "Trap for Arms Merchants"]

[Text] French arms manufacturers are worried. Now that the Cold War has resumed, Carter's America is once again becoming the Western World's major arms supplier.

This new Cold War warms the heart of arms merchants. They are being flooded with orders and armament issues are zooming on stock exchanges. French arms manufacturers--like their foreign counterparts--are very excited. Yet even though the conventional arms race has resumed at breakneck speed, there is, nevertheless, no great show of optimism. French manufacturers are beginning to wonder whether the new situation created by the war of nerves between the two superpowers is not going to jeopardize their positions patiently acquired in markets abandoned by a conscious-stricken America.

Some 3 years ago, Jimmy Carter was exhorting America to become the world's granary, and no longer its armorer. Today, America the arsenal has the upper hand once again. American arms traders are losing their inhibitions. The limitation of arms sales to the Third World is no longer a burning issue. President Carter has reversed his strategy by authorizing development of the FX International, a combat aircraft designed for export, by lifting the embargo on the sale of offensive weapons to Morocco, and by accelerating arms aid to Pakistan. All of this worries French manufacturers. "The present tension is prompting many countries to expand their military forces and equipment," explained an executive of Thomson-CSF, the chief French supplier of electronic military hardware, "but this does not mean that Europeans will see an increase in their export possibilities. We are now facing a much more aggressive American competitor."

This significantly changes the basic export situation. Our arms exports have increased nearly tenfold since 1970. At the present time, they total some 18 billion francs (i.e. one-fourth of the country's 1979 oil bill), more than 60 percent of which is for aerospace exports. France has become the world's third ranking arms exporter, but admittedly far behind

the United States and the USSR. Nevertheless, our country is the leader in per capita arms sales. France's arms industry has 287,000 employees--150,000 of them in private industry--and more than 40 percent of its volume of business is in export trade.

All of this is not due exclusively to the technical skills and competitiveness of our manufacturers. A Ministry of Defense official acknowledged that "French manufacturers had largely reaped the benefits of Gaullism and established themselves in countries anxious to hold themselves increasingly aloof from the two blocs." It was because the American administration was reluctant to authorize arms sales to a certain number of South American countries that France was able to sell 18 Mirage F1 aircraft to Ecuador--embargoed by the United States--and capture markets, along with Israel, on the South American continent, by exporting to Peru, Venezuela, Argentina, and Chile. Furthermore, it was because Saudi Arabia sought to diversify its supplies, too dependent on the United States--just as Iraq and Libya were on the USSR--that French arms manufacturers, with the firm backing of senior officials from the International Affairs Directorate of the Ministerial Directorate for Armaments (DAI-DMA), were able to substantially penetrate these markets. Saudi Arabia, for example, has purchased more AMX tanks than the French Army has in its entire inventory.

But things are more difficult today. It is true that last December France did sign two large contracts, one with Iraq for 24 Mirage F1's, and the other with Qatar for six Alpha Jet trainers. But contracts for the sale of large quantities of naval materiel to Baghdad and Riyadh have still not been concluded after months of negotiation. Yet French manufacturers are counting greatly on these contracts to offset the sluggishness of their export sales of army and air force type materiel in Europe which remains an American "preserve," as evidenced by Belgium's recent purchase of American armored vehicles. French manufacturers are no safer from geopolitical turnabouts than their American competitors. For instance, the current Franco-Libyan dispute jeopardizes their possibilities, already reduced in the wake of French intervention in Africa.

In some cases there has been a slump in orders for 1980. For instance, GIAT (Industrial Group for Army-Type Weapons), a government agency and the leading French manufacturer of army-type (land) equipment, received orders totaling 1 billion francs in 1979, compared with 780 million francs in 1978, but 2.3 billion francs in 1977.

Several factors currently worry French arms manufacturers.

1. The United States is now prepared, as in the past, to make available large credits enabling Third World countries to purchase arms from it on very good terms. Accordingly there are plans to substantially increase military credits offered Southeast Asian countries where Europeans are endeavoring to break into the market. French manufacturers are also

expecting fierce competition in the Middle East, particularly in the Arabian peninsula, from Americans anxious to compensate for their loss of the Iranian market.

2. In the field of high-technology material, French manufacturers have, up to now, been working under a handicap: their exports are based mainly on the sale of armored vehicles of the AMX-30 family and Mirage combat aircraft. New replacement models for these major items of equipment will not be available until 1982 at the earliest. It will take even longer to develop the French-German EPC tank scheduled to replace the French AMX-30 and West German Leopard. This has prompted France's regular customers to defer purchases or choose other suppliers.

It is true, however, that this handicap is less detrimental at the present time. As a Defense Ministry official explained it to us: "When time is an urgent factor, there is a tendency to turn to less sophisticated weapons. Because of the long training time required for sophisticated equipment, there is renewed interest in average or tried-and-true materiel." The problem, however, is that the Americans have a tremendous advantage in this field, in that they currently have a considerable inventory of older weaponry now available because of the introduction of a new generation of equipment developed since the end of the Vietnam War. The Americans can now sell off this weaponry at unbeatable prices. A gigantic "rummage sale" is in prospect. For French manufacturers, the international crisis is liable to be a trap.

Impact of Aerospace Exports

Volume of business, French arms industry	42.7*
Export orders	23.2*
Volume of export business	17.3*
Breakdown of export sales:	
Aerospace equipment (Dassault-Breguet, Aerospatiale, Matra, SNECMA, Turbomeca, SFIM, Crouzet, etc.)	61%
Army-type equipment (Thomson-Brandt, Panhard, Manurhin, Luchaire, GIAT)	23%
Electronic Equipment (Thomson-CSF, Electronique Marcel Dassault)	9%
Naval Materiel (Normandy Mechanical Engineering Company and arsenals of the General Directorate of Armaments)	7%

*In billions of francs for 1978.

BRIEFS

NEW AMBASSADOR TO BRUSSELS--Paris, 21 Feb--Mr Roger Vours, aged 59, has been named French ambassador to Belgium in place of Mr Francis Hure.

[LD041003 Brussels LE SOIR in French 23 Feb 80 p e LD]

NEW AMBASSADOR TO NETHERLANDS--The JOURNAL OFFICIEL of 29 February announced the appointment of Mr Jean Jurgensen as ambassador to The Hague where he will replace Mr Robert de Souza. [LD041005 Paris LE MONDE in French 1 Mar 80 p 6 LD]

CSO: 3100

GREEK PAPER REPORTS AMBIGUITY SURROUNDING RECENT PAPANDREOU REMARKS

AT291530 Athens APOGEVMATINI in Greek 29 Feb 80 p 2 AT

[Text] A. Papandreou has reneged on his original declaration to the PASOK Central Committee in connection with the election of a new president of the republic. Although he had stated that his party will abstain from the vote in the chamber, he now supplies an interpretation-riddle concerning his future stance in which he does not preclude abstaining, but may involve "other means." This inconsistency was noted by the government in an immediate reply by its spokesman who stressed in this connection:

"The confusion of the PASOK chairman can be proved by the contradictory positions which he has taken, especially in recent days.

Specifically, during his discussion with political editors yesterday, the PASOK chairman explained that he does not rule out abstention but his decision, which has already been made, will be announced at a specific time because, as he said, "There is no reason for us to be specific at this moment. We have this right (not to express himself, that is) since Karamanlis does not announce his plans." Then he added that the PASOK position on the issue of elections for a new president is completely within the framework of the constitution, and everything that is attributed to this position with the description that PASOK is a factor of anomaly [anomalía] merely distorts reality. As regards the issue of the chamber's dissolution, which was included in the same statement to the Central Committee, Papandreou said that "PASOK believes that the president of the republic can dissolve the chamber and proclaim elections."

The government, however, in the same statement by Tsaldaris [government spokesman] which we mentioned earlier, sarcastically observed that "It is a characteristic fact that when the constitution was being voted upon Papandreou supported the viewpoint that the president of the republic should not have the right to dissolve the chamber during the last 6 months of his term of office. As a matter of fact, he himself had signed the relevant amendment. Regarding the issue of elections, Papandreou is provoking from a safe distance because he knows that there is no reason for the premature dissolution of the chamber."

The the PASOK chairman reiterated that PASOK is asking for elections because it does not want to cooperate in the election of a president who will represent a small minority of the people, and it does not want to commit the country to 5 years during which the president will have decisive powers like the chairmanship of cabinet meetings whenever he wants, referral of draft bills and so forth.

He also added that, like EDIK when it was the official opposition, PASOK had withdrawn from the chamber during the vote for the ratification of the new constitution.

"However, this, he said, does not mean that we do not obey the constitution. Our difference is merely on the amendment of certain provisions of the constitution. Thus the president to be elected will be a president and it does not mean that we shall not recognize him. We never claimed that we shall not recognize the president. Everything that is claimed to the contrary and that PASOK is becoming a factor for anomaly is inconceivable, and it is also unacceptable to listen to talk about barriers to PASOK so that it may not achieve power. When the people put us into power we shall govern within the framework of the constitution. Normal political life is undermined with claims and slogans against PASOK. PASOK will not suspend its course toward power which currently is more likely than ever."

Papandreou replied as follows to questions that were asked of him:

"We recognize the chamber's incompetence to elect the president of the republic and we do not share the viewpoint of another party that because the current chamber was elected through the reinforced proportional system of elections it is not representative. However, the masses have changed. We oppose the election of the president of the republic by such a chamber since it does not express the current public feeling.

"I do not dispute everything I have said about abstention. However, the text of my statements to the Central Committee must be read attentively. There are very many ways to manifest our opposition in addition to abstention. We make no statement that we shall abstain. There is no reason for me to say today whether we shall abstain or not. I want to stand by the words I said to the Central Committee.

He reemphasized that the PASOK position toward the constitution and toward the EEC does not mean that it questions the constitution and that it does not recognize as a reality Greece's accession to the community in 1981, especially since, regarding the latter, PASOK has stated that it will participate through its representative in the community organs.

Coming back to the issue of the election of a president, he said that this concerns a critical period for the country and the Greek people and that anything which restricts the people's majority from specifying the country's

course is unacceptable to PASOK. He added that a president from the "right" is in a position to influence the parliament's options with regard to the government's policy and he expressed the certainty that the president to be elected will respect the majority.

Furthermore, Papandreou made a clear effort to attribute to the press of the "right" the distortion of everything he had said at his party's Central Committee--and specifically to refute the Tzoumakas report [a controversial report by a PASOK Central Committee theoretician] that his is a Marxist party--and cited his declarations every time insisting that PASOK is not a cause of anomaly but that PASOK's political activity is within the framework of the constitution.

In reply to a question about the stance of the other parties which accuse him of hegemonism and monopolization of the opposition, Papandreou said: "I have undertaken no obligation toward them and I follow my policy."

Yesterday, political scoures said that in his statements Papandreou had wanted to react to the unpleasant impression the public had formed about his party because of the Tzoumakas report, and at the same time had avoided taking a position on whether he will take measures against Tzoumakas or whether he disapproved of the report. He had also tried to blunt impressions resulting from government charges that he constitutes a factor of anomaly, that his policy has been exposed to the people, and that his declarations of faith to the constitution are riddled with holes since it has been disclosed that his party has an indisputable Marxist structure.

CSO: 4908

ANALYSIS OF PCI ATTITUDE TOWARD SOVIET POLICY

Rome L'ESPRESSO in Italian 10 Feb 80 pp 4-8

[Topic of the Day article by Francesco de Vito: "Is the PCI Capable of Breaking With the USSR?"]

[Text] Or will Brezhnev excommunicate the PCI? For the present, no one knows. What is known is that the tension has increased, and that the PCI has entered a long and difficult period of its existence. How will the PCI rank and file react? And the party leaders? How will the other parties react?

Rome--"This is certainly not the first time our party has freely expressed its own critical judgment..., but never before have our dissent and our dissociation touched so directly on certain essential aspects of Soviet foreign policy." When Enrico Berlinguer came to this passage in his address he removed his glasses (worn to correct farsightedness) in order better to observe his audience and spoke slowly and distinctly so that the words would ring out more clearly. At this point the other 100 federation secretaries assembled in the hall on the fifth floor of Botteghe Oscure Palace could sense how delicate the situation had become. This was in fact the first time the PCI had refused to regard the Soviet Union as a bastion of peace and as the sole support of the national liberation movements. It was a judgment that had already been formulated some days previously in a resolution issued by the party leadership, and Berlinguer had undertaken to repeat it before an audience.

Through what process of inner turmoil did the leadership group arrive at this point? What repercussions did its decision elicit among the party rank and file? Above all, what kind of relations will be able to survive vis-a-vis the nation that has been the guiding light of the international communist movement? Let us proceed point by point.

Moscow is not working for peace: The truth is that since Prague the breaking point has been grazed several times but never passed. Everything always proceeded in accordance with a ritual: the PCI would express firm

dissent and disapproval (on one occasion over Czechoslovakia, on another over the sentencing of the dissidents, on still another over the attacks on Santiago Carrillo). Moscow would then respond in kind, ordering the ideologue currently on duty to find the appropriate quotations in the communist classics. Delegations from the two parties would then meet for "frank and comradely" discussions and authorize each other to hold divergent positions. There was a reason. The PCI was assuming autonomous positions but at the same time was tolerating a policy of accomplished facts.

It appears unlikely, however, that this ritual will continue for long. The resolution by the PCI leadership states that the intervention in Afghanistan constitutes not only "a violation of the principles of independence and national sovereignty" (as in the case of Czechoslovakia) but "is the most recent serious episode in connection with the increasing political and military tension and acts of force that threaten world peace". In short, even the Italian communists have begun to realize that terms such as "internationalist aid" are to be translated from the Cyrillic [sic] as "imperial policy."

The turning point came with the request for withdrawal of the troops from Kabul--a request made in the form of an interpellation in the Chamber of Deputies signed by Giancarlo Pajetta, Aldo Tortorella and Antonio Rubbi, and in the form of a motion explained at the Strasbourg assembly by Berlinguer in person. This "turning" was not something that had been anticipated: it had not been discussed by the leadership and has in fact provoked some bad feeling, with the secretary general being accused of having forced this official position upon the party.

"The request for withdrawal of the troops," Fernando Di Giulio explained, "is a step consistent with the resolution voted by the leadership, and its purpose is to discharge the tension that has been building."

Ingrao and Amendola: As at all difficult junctures, Pietro Ingrao and Giorgio Amendola represent diametrically opposite views. In Ingrao's opinion the intervention in Afghanistan intensifies the crisis of the socialist ideal, increases the influence of the military establishment, enhances the role of bureaucratism and aggravates the problems of freedom. Amendola, on the other hand, wants to discuss "whether the policy of Soviet intervention in Afghanistan is an appropriate--or an imprudent--tactical move." In short, the USSR would have been able to refrain from intervening if it had been able to render the American attitude less aggressive. Since that did not happen....

In this internal debate, therefore, the reference points have been reversed. Many of the same workers who until several weeks ago had regarded Amendola as an adversary who must be defeated now view him as an ally. His positions encourage them in the belief they have held for years: that on the one side you have imperialism, and on the other a country that strives simultaneously for peace and revolution.

The party sections are once again crowded, as they are during every campaign of persuasion. Everything brought up by the federation secretaries who met at Botteghe Oscure Palace--the positions that dissented from and criticized the official line--have been discussed at length. In Genoa, at a workers' meeting (presided over by Deputy Pietro Gambolati) on the anniversary of the founding of the party, many of the speeches maintained that if the USSR went into Kabul it must have had good reason to do so, and that the tension of these past few weeks reflects an upsurge of aggressiveness on the part of American imperialism. Also present were ten veterans who had assembled to receive the commemorative medal. One of the veterans--a party member since 1923--declared: "Remember the Russo-German pact of 1939. We didn't understand then, either. It became obvious later that the intention was to gain time to organize the defense."

The same atmosphere prevailed at Sesto San Giovanni. At a meeting chaired by Deputy Andrea Margheri several speakers defended the Soviet position, maintaining that an encirclement of the USSR is taking place, while others declared that there were strategic reasons for the Soviet position, reasons that related to the balance of power between the two superpowers; still others said that the defense of the revolution is a principle that cannot be renounced.

In Rome the congress of the Torrevicchia section (presided over by Deputy Ugo Vetere) heard almost all of the 40 speakers begin with, "I am in agreement with the party's position, but...." These words, however, were then followed by speeches that attempted to explain (if not actually to justify) the Soviet intervention.

How widespread is the dissent? "If you judge by the speeches," says Sandro Morelli, secretary of the Roman federation, "over 80 percent of the comrades are convinced--are persuaded--that the positions the party has taken are correct. There is a margin of doubt, however, as regards those who--perhaps because of reticence or perplexity--have not expressed an opinion." "Some of the dissenting opinions," adds Michele Ventura, secretary of the Florence federation, "reflect a sentimental rapport with the USSR, but these differences are not generational in nature: the debate is very complex and involved."

A widening scissors: The dissent is even besieging the union, where Luciano Lama is engaged in the front line. During the meeting of the CGIL-CISL [Italian General Confederation of Labor-Italian Confederation of Labor Unions-Italian Union of Labor] secretariat at which the resolution on Afghanistan was approved, the confederal secretary Giacinto Militello asked that the term "Soviet troops" be replaced by "foreign troops": a remarkable "removal operation." Rinaldo Scheda, another confederal secretary, exclaimed at one point, with his characteristic sincerity: "It's the collapse of my ideals!" In Genoa, during the meeting held in commemoration of Guido Rossa, Lama's words were greeted by warm applause so long as he remained on the topic of the day, but when he turned to the subject of Afghanistan the freeze set in. And when he subsequently made reference

to Sakharov there was a lot of murmuring in the audience. In Rome, at the demonstration staged by the three confederations at the Adriano Theater, the communists--contrary to tradition--were poorly represented. In some sections, such as that of San Lorenzo, it was decided that "it's all right to criticize the USSR, but to demonstrate against it is going too far."

Many letters have appeared in L'UNITA on the subject of Afghanistan. With arithmetic equanimity, the party newspaper publishes one pro letter for every contra letter, but at Via dei Taurini five letters opposing the Botteghe Oscure position are being received for every one in favor. This does not, of course, reflect the ratio of opinion among the rank and file of the party, for a dissenter is more highly motivated to put his views in writing. The problem lies elsewhere. Whereas the dissenter remains linked to a traditional conception of the relationship between imperialism and anti-imperialism, the supporters of the PCI position go far beyond that position, with the result that even they are dissociated from it. For example, from Rome the reader Fernando Di Salle asks whether "it is not right for a socialist country to do all it can to help bring about the triumph of a revolution"; from Milan Giovanni Vicini replies: "The leaders of the Soviet Union are insane: as insane as those of the United States"; and from Pistoia Renzo Bardelli wonders: "But what kind of socialism is this 'realized' socialism you have in the USSR?" The historian Paolo Alatri asked himself the same question, and resigned from the board of directors of the Italy-USSR society in protest against the banishment of Sakharov. A resolution of protest (also concerning the Sakharov case) was signed by many intellectuals, including Lucio Lombardo Radice, Giorgio Tecce and Carlo Bernardini.

Toward a break with the USSR? This is a question that has been brought up several times in recent years--and every time it has been obvious that the ultimate decision is not up to Rome but to Moscow. In short, the PCI expresses its positions and puts forward its initiatives, but the question of cohabitation or rupture then depends on the degree of tolerance that Moscow decides to adopt. In the present instance the only signal has come from Vadim Zagladin, Ponomarev's deputy, in the form of an interview given LA REPUBBLICA, and it is quite circumspect: "Our party has not yet taken a position. As for me personally, I may say that I don't understand the PCI's position; it escapes me."

For the past month the personnel of the foreign section at Botteghe Oscure have been perusing the press of the eastern countries more attentively than usual, and have been writing very accurate reviews of what they read. They have discovered that the Hungarian, Polish and even Cuban newspapers employ tones that are more relaxed than those of Georges Marchais (who left the Eurocommunist camp as harshly as he had entered it) and have not neglected to identify him as top man in the party. Nary a trace of any direct attack.

But the blow is expected to fall nonetheless. It will either be an article in PRAVDA, or a long essay in NEW TIMES, with extensive quotations from the

writings of Lenin on the subject of imperialism, to show how far the PCI has strayed from the teachings of the master. If Moscow limits itself to this, for example, the PCI press will be able to respond calmly, pointing out that Lenin sent Litvinov, people's commissar for foreign affairs, to Kabul rather than the armored forces of General Ustinov. If on the other hand an appeal comes from Moscow for the international isolation of the PCI and for its internal disruption, it will be a different matter. "The criterion," says an authoritative spokesman of the communist leadership, "will be whether it constitutes an action that strikes at the unity of the party. If it is, the break would be total."

In short, not all the games in the match have yet been played. If there is autonomous action on the part of Europe and it makes headway, it will not be expedient for Moscow to burn the bridges that link it to a party which has strong ties with the European social democratic parties. This also serves to explain the frantic international activity of the PCI at the present moment, with Berlinguer in Strasbourg; Napolitano in Germany; Bufalini and Rodolfo Mechini, deputy chief of the foreign section, in Belgrade; Antonio Rubbi in Algeria; and Adalberto Minucci in Bucharest. If on the other hand the antithesis between the blocs becomes clear-cut, an ultimatum becomes more than likely: you're on one side or the other.

In any event, after Kabul relations between the PCI and Moscow will not be the same as in recent years.

10992

CSO: 3104

PCI PROPOSAL FOR MILITARY REFORMS

Rome L'UNITA in Italian 13 Feb 80 p 7

[Article by S.P.: "Communist Proposal for the 'Military Profession'"]

[Text] Rome--What are the communists proposing for the armed forces? This question was dealt with at a press conference held yesterday morning at the headquarters of the Group of PCI [Italian Communist Party] Deputies. The press conference was attended by numerous members of parliament, newsmen, and RAI-TV [Italian Radio Broadcasting and Television Company] technicians and was presided over by Comrade Abdon Alinovi, vice chairman of the Group of PCI Deputies.

In his introductory statement Comrade Arnaldo Baracetti said that the objective of PCI policy with respect to the armed forces is to bring about democratic reforms in the military institutions and improved conditions for the personnel, within the framework of an overall plan for the reform of governmental structures. One step in this direction, he said, is the election of the deputations--an event of historic significance for the Italian armed forces and military personnel, who for the first time will acquire the right to participate in the decisions that relate to their living conditions.

Baracetti said that in drafting the regulations governing the deputations the government did not adopt the proposals that had been formulated by the Defense Committees with its concurrence and inserted certain provisions restricting the rights of military personnel. The PCI will sponsor the bill in parliament after also hearing the views of the Councils on Representation concerning appropriate changes to be incorporated into the new regulations. Here are, in summary, the PCI's proposals as set forth by Baracetti:

A. Conscription: The PCI has reintroduced in the Chamber a bill for reforms (this bill, among others, has since yesterday been under study by the Defense Committee) which is based on the following criteria:

1. Making the best possible use of the period of compulsory national service, so that the time spent will be useful and productive for the armed forces and for our young people.
2. Consolidation and acceleration of recruiting procedures.
3. Improvement of relations between the armed forces and the elected regional and local assemblies. The duration of the national service period would be 12 months for everyone. The conscription process and the recruiting service would be consolidated.

Concerning "extended conscription of a voluntary character for vocational purposes," the bill calls for generalization and reorganization of the specialized and vocational courses offered to conscripted military personnel, with full recognition being accorded to the civilian applications of the vocations that are taught; for utilization, on a voluntary basis, of the young conscripts in productive defense-related activities (covered by an employment contract providing for wages and fringe benefits); and for the introduction of special courses to train the conscripts for productive civilian employment.

B. Military Justice: The Group of Communist Deputies has reintroduced the bill for the reform of the military judicial system, while the group in the Senate has introduced a bill for the reform of the Military Penal Code.

C. Promotion: A bill governing the promotion of commissioned and noncommissioned officers was introduced recently in the Chamber of Deputies by the PCI. Its three definitive provisions would: a) establish a single-career system; b) unify the various roles of the individual branches of the armed forces, and create interservice roles for the branches; and c) obtain candidates for officer training to the greatest possible extent from the ranks of the noncommissioned officers.

D. Housing: Bills have been introduced by the PCI concerning housing for military personnel, providing for inclusion of these personnel in the "10 year plan for subsidized construction on a contractual basis." To facilitate the contracting of loans, provision is made for a "special fund" consisting of contributions from the Ministry of Defense, from the personnel themselves out of their salaries, and from governmental and nongovernmental funds. This fund will be administered by a committee appointed by the ministry pursuant to nomination by the deputations.

Bills have been introduced by the communists relative to military property and a 10-year plan governing the industrial activities of the Ministry of Defense. Provisions for compensating military personnel for service-related disabilities and benefiting survivors of deceased personnel are combined in a single bill.

E. Disciplinary Regulations: The communists have expressed an opinion critical of the government's draft, which they deem--despite the fact that

many of their own proposed amendments were adopted--to be "not fully consonant with the 'code of principles' on which the rules contained in the new Disciplinary Regulations must be based."

F. Military Medical Service: The PCI members of Parliament believe that reorganization of the medical service--including revision of the system governing the organization of the military hospitals, their efficiency and their functionality--is an "urgent and inescapable necessity."

Concerning all these problems, Baracetti said that the PCI is calling on all the democratic forces to strive to establish a policy for the reform of the military institutions, for a renewal of detente, and for disarmament.

The questions of the newsmen (the answers to which were supplied by Comrades Alinovi, Corallo, Tesi and Tolomelli) led to an in-depth examination of various questions. Also among those present were Comrade Deputies Angelini, Cravedi, Francesca Lodolini, Serri and Zanini, and Comrade D'Alessio of the Governmental Affairs Section of the PCI.

10992

CSO: 3104

FOREIGN TRADE MINISTER SAYS GOVERNMENT WILL DEFEND LIRA

Rome IL FIORINO in Italian 5 Feb 80 p 1

[Article by "g.v."]

[Text] Who wants to devalue the lira? There is talk of sinister interests, but the main threats come from government inertia in the face of galloping inflation.

In the wake of Mr Bisaglia who, in a sudden switch from his earlier attitudes, talked of heavy speculative maneuvering against the lira mounted by the "big debtors," and scouting any notions of devaluing the lira, Foreign Trade Minister Stammati entered the lists yesterday. Speaking before the senate's committee on industry on his ministry's preliminary budget, Mr Stammati stressed the point that devaluation "may initially have some salutary effects, but is harmful to importers and has unfortunate repercussions within the country. This," he added, is why we must put the brakes on it."

Stammati also reminded the committee that Italy today is fourth in the world in gold and hard currency reserves, and that within the EMS the soundness of the lira looks better than the average of other currencies. And, referring to the impact of the oil crisis, he underscored the fact that today's price increases are accompanied by cutbacks in production and by the destabilizing action in which the OPEC countries indulge when they sell dollars and buy gold and other shelter commodities.

In Stammati's view the second European currency snake, the EMS, must therefore be protected and strengthened, and the OPEC nations must be offered an opportunity to invest their money in deposits in the International Monetary Fund. On the strictly commercial level, since the oil-producing countries seem reluctant to increase their imports, we must fit ourselves into

their development plans, using our technological capacities to open the door for us.

Mr Stammati's position is a firm and lucid one, but one which nevertheless seems implicitly to assume the existence of a hypothesis, if not actually a problem that already faces us: the problem of a further devaluation of the lira.

How, though, can it be possible, in the light of the technical position of our currency, even to speak of the possibility of devaluation? Our balance of trade is reassuring; Italy is one of the few countries that has reabsorbed -- by increasing its own exports -- the "sheikhs' tax"; according to the latest forecasts, our balance of payments should be in the black in 1980 again, despite the latest round of oil price hikes; on the currency market the lira has displayed a basic stability many envy us; not even long-term exchange settlements evoke any negative predictions as to our currency's future; the Bank of Italy's reserves, as Stammati stressed, are so fat as to put Italy in fourth place in the world (and those ahead of us have foreign trade volume far in excess of ours); the value of our gold reserves, as Mr Carli recently reminded us, is adequate to cover almost all currency in circulation at home. Well, then?

The fact is that in all these years, ever since Italy pulled out of the first European snake, all the imbalances and dysfunctions of our economic and politico-social system have seen devaluation of the lira as the handy safety-valve and the easy and obvious remedy. The rocketing costs of production, the extorted or granted wage increases, the cost of parasitic structures, the cost of impotence and anarchy -- all this has been translated into -- and to a degree been offset by -- the decline in the value of the lira abroad, which almost magically seemed to wipe out all the sins and cancel all the mistakes, restoring space and competitive status to our exports.

It is quite understandable that not a few in the business and industrial community (both great and small) still look at devaluation as a quick and easy way to wave a wand and restore the health of limping budgets, thereby cutting back on real wages, indebtedness, and the weight of their financial burdens, and on the other hand winning back momentum on foreign markets. And it is equally logical to assume that there were nudges and pressures in that direction, which our monetary authorities nipped in the bud only a few months ago with a savage rise in the discount rate, which was also intended as a warning signal to anybody cherishing notions of speculating on a drop in the lira.

Another point to be considered is that since last March the lira is part of the EMS, and hence has a broader range of oscillation, which allows a more elastic defense. Devaluation, in other words realigning our currency's parity rate within the European monetary system, can be entertained as a hypothesis only once the lira has been weakened to the point where it has devoured almost all its margin of flexibility. And that is a hypothesis difficult to entertain, provided there is a will, in government, to defend the exchange rate.

But this is just the point. Because while it is true that, for the time being there is no technical assumption or pretext for expecting a devaluation of the lira, and that only very clearly identified interests are pushing in that direction, it is also true that there is still in this country a rate of inflation markedly higher than that in the other EEC countries. That gap, rather than narrowing, has widened enormously in recent months. Last December's figures reportedly show an inflation rate running above 3 percent. There you have a fact whose seriousness cannot be overestimated, and whose implications are readily imagineable. If we do not bring inflation to an abrupt halt, within a very few months we shall reach rates on the order of 25 percent over the previous year. And with an inflation rate of that kind, and the consequent disparity between the curve of our prices and those of our partners, stability in the lira's exchange rate will become nothing more than a chimera.

In conclusion: the real threats to the lira do not stem from hidden plots, nor yet from the understandable preferences of those who stand to make a bundle from devaluation; they come rather from the indifference with which the government seems to look at the entire price front, once again in rapid motion.

One might also, by trying very hard, fancy that the rise in all rates and more generally the return to a system of prices in line with the market (such for example as the key energy sector) were necessary measures in the direction of rationalization, steps which transfer directly to the consumer the burden and the inflationary thrust that used to be borne by government spending. And believe that, once the wave has rolled over us, within the next few months the waters will return to a far calmer state, and the rate of inflation will drop to acceptable levels. But in that case extreme vigilance will be called for, as will an awareness of the dangers facing us. In the wake of today's rising prices, it would be very easy to trigger further expectations, and underhanded tricks.

6182

CS0: 3104

TREASURY MINISTER ON POSITION OF LIRA, INFLATION

Rome LA REPUBBLICA in Italian 5 Feb 80 p 21

[Interview with Treasury Minister Filippo Maria Pandolfi by Giuseppe Turani, place and date not given]

[Text] The lira is in good shape, but inflation is splitting the economy in two.

Filippo Mario Pandolfi, one of the DC's sharpest minds and author in 1978 of a 3-year plan for pulling the country out of the deathgrip of inflation, which was promptly filed and forgotten, is beginning to feel the weight of the grey cloak of routine, even indifference, that for months now has sagged over Italian politics.

Not that he is short of work -- everyday work. As treasury minister he must scrutinize all new state laws to make sure of their financial compatibility; he must keep constant watch to see that government spending does not overflow the limits set upon it; and he must, together with Bank of Italy people, steer the course of the lire within the EMS. In addition to all this, he is chairman of the interim committee of the International Monetary Fund, the IMF's policy-making body whose task is to restore order amid the chaos that has prevailed among all the major currencies for the past several years. Yet, despite all these commitments, he is aware of the sense of disorientation in which Italian policy is floundering.

[Pandolfi] The fact is that in 1979 we found ourselves trapped in that paradoxical phenomenon that had already been reported and analyzed in the first portion of the 31 August document. Our inflation rate has continued to rise and our distance from the other developed countries, from this angle, has widened again. The nation's books, however, were in good shape, better shape than the most optimistic prophets had foreseen. Growth

in the GDP in 1979 touched 5 percent and that made it one of the highest in the area of industrialized countries. Our current accounts are in the black by something like \$6 billion, which is truly a record. Our reserves, which were already fat, have grown still fatter, and there are no signs of any drop in the rate of exchange for the lira. In short, inflation does not seem to have brought with it the effects so often singled out as the one evil from which we must most urgently seek shelter.

[Question] Many people are convinced that 1979 was a good year for the Italian economy, even a memorable year.

[Pandolfi] For the simple reason that when you have economic cycles beginning to lengthen again, there tends to be a delay in the manifestation of the twin penalties inevitably visited on countries with high inflation rates: deficits in foreign accounts, and declining value in the currency. It is this paradox (we have inflation, but we have still to see all its consequences) that gives rise to a very dangerous feeling that it can't happen to us.

[Question] Why?

[Answer] Because even though it may be a little late in coming, what is going to happen will happen and we must start thinking about it in time. Maybe 1980 will be the year of our rude and painful awakening. I need cite only one fact: this year we shall have to pay \$17 billion for the oil deficit, as compared with the \$10 billion we had to pay in 1979, an increase greater than the current surplus we piled up last year. That means that we must snap out of the illusory conviction that our country is "special" -- and snap out of it fast.

[Question] In 1979, though, Italy turned out to be a "special" country. Nobody had predicted what actually happened. Not even you.

[Answer] That's true. And so let's tell the whole truth. In 1979 we avoided the twin sanctions classically invoked against the sin of inflation, but in fact we swallowed massive doses of a third sanction, the one nobody talks much about, but one which is no less lethal than the other two.

Question] And what is that?

[Answer] The dislocation of our productive system. Under the flail of inflation the Italian economy has been split in two, into distinct and conflicting parts. On the one hand we have the services sector -- tourism in first place -- and the most flexible sector of our industries (the small and medium ones).

On the other, we have the big corporations. The former part, which was able to rely on greater and at times extraordinary flexibility and ebullience, has clung to a competitive stance and a commercial aggressiveness that have been nothing less than astounding in their scope. The big corporations, corseted in multiple layers of rigidity, have lost points against foreign competitors and today are in a state of crisis. This dislocation of the economy is the prelude to a step backward for our whole economic system. Today we can congratulate ourselves on flexibility, where there is any; but if we do not restore homogeneous conditions to our entire productive apparatus, there will be little call for self-congratulation.

[Question] But are the development of our tourist industry and perhaps even the growth of "Siur Brambilla" necessarily undesirable phenomena?

[Answer] I'm not saying that. I simply want to point out some differences. Our tourism is growing and is a source of so much satisfaction to us because it is a field in which we are not competing with Germany, but with the Mediterranean countries -- which is to say with countries just as sick with inflation as we are ourselves. The choice, in this area, is never between Frankfurt and Florence, but rather between Florence and Athens, between Florence and Madrid. But when it comes to industrial production the competition is between Milan or Turin and Frankfurt. We are, in other words, up against countries with less inflation. Up to now, the only corporations that make it big are the most flexible ones.

[Question] And the others?

[Answer] This one remark should suffice. Until some little time ago it was a commonplace in Italian industry to single out the public sector as the only one in trouble, the only one incapable of finding its own way to grow. Today the crisis is beginning to engulf even the corporations that stand as symbols -- I am thinking of Fiat -- of our industrial vitality.

[Question] Is it true that the big corporations are pressing for devaluation of the lira?

[Answer] I don't think so. I know one thing, though. The Italian economy might need two different lire: one with a lower rate of exchange for the more rigid and less competitive industries, and the other for the more flexible sector of our productive apparatus.

[Question] That's an odd theory.

[Answer] Let's call it abstract, and even wholly impracticable if you like... except for the fact that Italy is not the only country to find itself in this situation. In England, for example, North Sea oil is what props the pound sterling up above the exchange level that would be a suitable match for the competitive status of British industry. In Switzerland, financial soundness endows the franc with a level less suited to Swiss tourism than to industry. In Italy the situation is more complex: the dividing line runs right through the industrial system itself, and splits it in two.

[Question] In any case, we could fall back on an exchange maneuver: the big corporations would get some relief, and the small ones would be even more competitive.

[Answer] That would be the wrong answer to our problems. The one good thing we have managed to do against inflation thus far is to assure stability in the exchange rate. Were we to bulldoze that levee too, we should be striking out on precisely the wrong road. Instead of fighting inflation, we should be starting off the old spiral of devaluation-inflation-devaluation. Within a few years we should wind up smashing our productive system altogether.

Just in order to give corporations in trouble an illusory competitive edge, we cannot consign the productivity and efficiency of the system of small and medium companies to the back burner. With devaluation, we should be handing out prizes for inefficiency, whereas it is our job to assure Italy a future as a great industrialized country.

[Question] How?

[Answer] Through action in depth, extended over time, which will change the structures. With -- in a word -- a medium-term plan. This is a choice we have got to make. If we like this country the way it is, then we have no problem. We can keep going along with public financing expedients, with makeshift tinkering with the currency, with exports that will sell where they can find a market, and pay no attention to the slow but irreversible decline of our productive system. But if we believe that we ought to do something about all this, then we must turn over a new leaf.

[Question] Are you suggesting a return to the 3-year plan philosophy?

[Answer] Yes, I am. And I expect to talk about it at my party's congress. This will be my policy contribution to the current debate.

[Question] When it comes to the August 1978 3-year plan, though, you can't even say it failed. It simply vanished.

[Answer] Over the last year and a half two things have happened, and we should do well to start thinking about them as of now:

1. on the one hand there has been a gradual disintegration of the political parties, which have become incapable of rallying consensus behind common goals of a long-term nature;
2. along with this, there has been a decline in the interest of the political parties in what ought to have been the target of consensus, by which I mean medium-term planning.

One gets the impression that the political parties, sizing up the difficulties involved in pulling themselves together and grappling with the basic ills of the social and economic system, have fallen back to a less ambitious stance, to the safer ground of day-by-day muddling through.

[Question] What you have in mind, then, is a new medium-term plan.

[Answer] I do not think I am guilty of excessive fondness for my 1978 plan when I say that the substance of that proposal is still sound. I don't intend to go over it again point by point, since they are familiar to everybody. But I do insist on soundness of a medium-term plan, on priority to structural modifications as opposed to economic fine-tuning, and on the option to go with Europe. The experience of this last year and a half has convinced me, nevertheless, that some of the criticism leveled at the plan was valid, such as the charge of inadequate concreteness in some points, and that of a certain neoilluminist fringe to the plan as a whole. What will be needed most of all is some more careful thinking about the role of government and the efficacy of its interventions.

[Question] And meanwhile?

[Answer] We have a government, and its function is to utilize every margin, even though there aren't many, to support and orient the nation's economy. Several things along the line of the plan can and must be done, even though there is no plan. The government has not given up its rigorous line on public finance or raising, among others, the issue of separating the oil price increases from the domestic price system. In any event, we are keeping a firm grip on the levers which, lacking others, can guarantee the balance of the nation's accounts. One of those levers is the monetary lever.

CESPE STUDY ON NATIONAL POPULATION TRENDS

Rome RINASCITA in Italian 18 Jan 80 p 14

[Article by Patricia Ciompi, of the Social Research Section of CESPE:
"Zero Population Growth Also?"]

[Text] If during the next 5 years the demographic trend in the Italian provinces continues exactly as it has over the last decade--a hypothesis which is not completely impossible--not only would some of the largest metropolitan areas, including Milan, Rome, Turin and Genoa, lose population, but so would another 50 or so provinces: to be exact, 35 in the North and 15 in the Center. Only the South would continue to experience population growth. Possibly, this forecast, based on the most recent trends, will not be entirely confirmed. But, on the other hand, it may, producing subsequent surprises. And it would be difficult to deduce these surprises from the national trends, because, beyond the major sociocultural facts which influence the demographic behavior of the population, there are also the specific characteristics of the various provinces, on which the Social Research Section of CESPE [Center for Studies in Economic Policy] had recently conducted a descriptive study: we can see the trends in the figures for 1951-1971 and 1971-1978.

Is the possibility of "zero population growth" in the future becoming a reality for all of Italy? It would seem so, then, especially if one considers the decline of the birth rate. In the last census, covering the period 1971-1978, in all the Italian provinces, with the exception of Rieti, L'Aquila and Cagliari (the first two have experienced a sharp rise in income) there has been a significant decrease in the natural rate of growth, which reflects the balance between births and deaths. Furthermore, in at least 32 provinces not only has there not been an increase, but there has been a decline in population; in 7 of these (Vercelli, Asti, Alessandria, Pavia, Trieste, Savona and Genoa) for every 1,000 inhabitants there are 5 to 8 fewer people than in 1971: a negative balance, which is therefore, certainly, significant.

The provinces which have a negative balance are located throughout the North and the Center. In the North, out of 41 provinces, those with a population decline number 9 (that is, 45 percent).

It seems obvious, therefore, that if the national balance is still positive, this is due to the still high rates of natural growth which are found in many provinces of southern Italy, especially continental Italy.

The most important fact, and at the same time the most alarming one, is precisely the constant increase in the existing demographic imbalance between provinces situated in various geographical areas. Such an imbalance already existed during the 1950's, but the consequences on the population growth of the various provinces were curbed by the migration from South to North of broad segments of population, particularly those with the highest birth rate. The imbalance itself had then become attenuated because the birth rate had undergone, during the 20 years 1951-71, strong declines in the southern and island provinces, such as, for instance, Enna, Calabri, Reggio Calabria, Cosengo, but also Teramo, L'Aquila and Rieti, which were higher than those of the northern provinces. The marked decrease in migration and the territorially diversified diffusion of family planning and of a different ethic concerning sexual relations have raised again, more sharply, the differentiations of the demographic growth which was already observed during the postwar years. During the second period, 1971-78, in fact, the decreases in the birth rate and in the natural growth, although they were continuous, were greater in the northeastern provinces.

The confirmation of this tendency, which is seeing an increasingly greater movement toward rates close to zero or even negative ones, in most of the provinces of the Center-North (no southern province has yet registered a demographic balance in the red) could lead, as we were saying at the beginning, to a zero growth rate--the point of natural balance, where the birth rate and the death rate are of identical magnitude--as a step to the progressive decrease in the population. It follows, therefore, that the population would not begin to decrease uniformly and simultaneously in all the provinces; the contrasts observable today would be, therefore, enormously exaggerated. These contrasts, in effect, even if alarming, have remained up to now within tolerable limits, if only because the nonetheless high negative balances concern provinces with a small number of inhabitants (from 200,000 to 450,000). In fact, if we add up the population of the five Italian provinces with the highest negative natural balances (between 5.1 and 8.5 per thousand), we reach a total of 1,912,231 inhabitants, while the same operation for the five provinces with the highest positive balances (Taranto, 11.6; Naples, 10.8; Caserta, 10.3; Lecci, 10.2; and Foggia, 9.6) gives a total of 5,698,725.

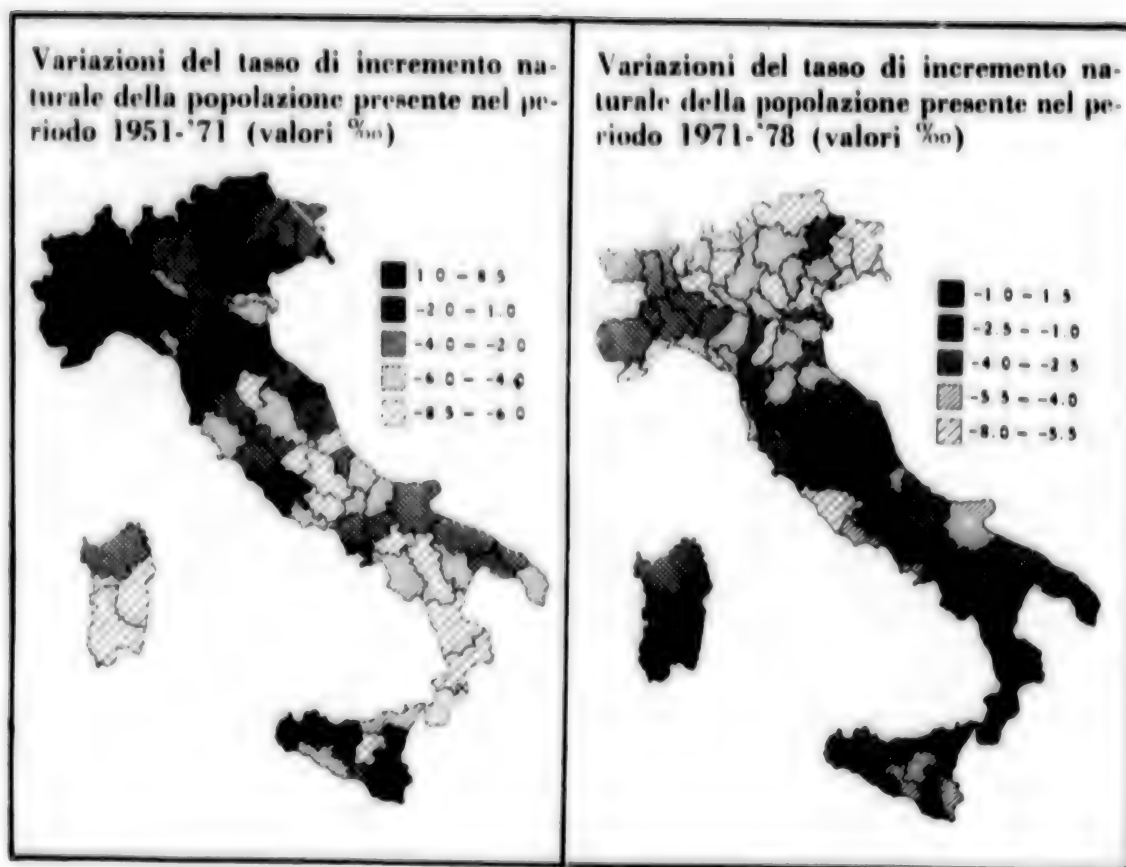
We must however remember that, unless during the next few years there are major shocks either of the economic-structural type or psychological ones--and that possibility seems improbable--the tendency which has been observed will continue to manifest itself.

By predicting the demographic situation for 1985 on the basis of the same demographic indices recorded over the last 7 years one can present this scenario.

If the population of the large metropolitan areas of the Center and the North were to decline, the large cities of the South--Naples, Bari, Palermo--already suffering enormously from a high population density--would maintain positive balances and relatively high ones (between 6 and 7 per thousand). Only four provinces of central Italy (Viterbo, Frosinone, Ascoli Piceno, Lateria) and one of the northern ones (Bergamo) would have positive population balances, if small ones, and of the southern provinces--all of which would have an increase in population--those with the smallest increases would be Pescara, L'Aquila, Campobasso, Teramo and also Enna, Sassari and Messina.

Given the conditions of the current productive structure, the real estate market and the inevitable distribution offices of the social services, like health care and education, tensions which are only too obvious today within society will be very much increased. Nor can one state with certainty that a different trend in the demographic indices would lead to an improvement in the current situation; it appears obvious, however, that the continuation of the trends observed would certainly contribute to a subsequent degradation of civil life.

From the examination of the maps reproduced, it is obvious how the trend of the rate of natural growth has suffered a trend inversion during the last period with respect to the years 1951-71. The most consistent negative variations are recorded in the center-northern provinces and, in particular, in the northeastern ones and in those of the large metropolitan areas: Milan, Turin, Rome, and also, if to a lesser degree, Naples. (source: CESPE)



Variations in the rate of natural growth of the population present during the period 1951-71 (amounts expressed as percentages)

Variations in the rate of natural growth of the population present during the period 1971-78 (amounts expressed in percentages)

8956

CS0: 3104

FOREIGN TRADE DEFICIT IN CHEMICAL INDUSTRY

Rome RINASCITA in Italian 25 Jan 80 p 14

[Article by Riccardo Azzolini: "Figures in the Red for the Chemical Industry Also"]

[Text] The status of the chemical industry in Italy has become, during the last few years, increasingly contradictory. From the point of view of production, especially 1978 and in part also 1979 have shown a noticeable revival in almost all the principal subsectors, even though at different rates.

As a whole, chemical production in the strict sense increased by 9.5 percent in 1978 and is said to have increased by an additional 2 percent, approximately, in 1979 (according to Confindustria's [General Confederation of Italian Industry] forecasts, which do not include the pharmaceutical sector) as opposed to rates of increase in manufacturing of respectively 1.5 percent and 4.5 percent.

The dynamics of many areas, particularly those for products destined for other industrial branches, are connected to the general revival of the manufacturing industry, with respect to which the chemical industry anticipates short-term trends. Thus, whereas in 1978 chemical production had grown much more rapidly than manufacturing, in 1979, the two rates of increase tend in fact to become equal, and between the third and fourth quarters of 1979, we see a rather considerable slow down in the chemical industry.

In the plastics industry, in particular, the well-known events of the closing of the SIR [Italian Research Syndicate] plants have allowed the other major companies to expand their own share of the market and to recover margins in the exploitation of the plants and in the profits. The favorable economic situation, therefore, comes also from a worsening of the structural problems, which has caused, among other things, the increase in the foreign trade deficit. In the field of synthetic fibers, in spite of a 20 percent increase in domestic demand in 1978, Italian industries have had an increase of barely 8.4 percent, despite the increase of the share in the market granted them by the EEC agreement.

The causes cannot be sought only in the very aggressive export policy followed by the U.S. companies toward European markets, thanks to the advantage that the United States still maintains in the cost of raw materials: an aspect which also points up one of the reasons for the structural crisis, that is the turmoil introduced at the international level by strong increase in the oligopolistic competition among companies of different countries. But two other aspects are being emphasized: on the one hand, the persistence of problems on the technological level of Italian products; on the other, the fact that the increase in demand has been exploited mainly to increase prices, up to a level which works against the maintenance of the share of the market.

Surely the most dramatic aspect of the chemical industry continues, therefore, to be represented by the situation of the major companies and by the petrochemical sector. This is due to a well-known structural cause: the existing production supercapacity in this sector at the world level and particularly in the EEC market. This may become aggravated during the course of the 1980's: already over the next few years we will be able to feel the effect of the exports coming from the non-EEC European countries and from the socialist ones. One should, moreover, place more stress on the impact of production in the Arab countries of OPEC--which are in many cases export oriented--whose productive capacity of ethylene might, according to some estimates, by 1990 satisfy from 10 to 12 percent of European demand. Investment projects in this area are very often "joint ventures" with foreign companies, particularly with U.S. and Japanese ones, operating in the petroleum sector and seeking to diversify their own activities: nevertheless, the entrance of new producers into the European market in reality may take the form of a new episode of oligopolistic competition between companies of various nationalities.

The international picture negatively affects the weakest industries in particular. That is the Italian picture, in which the productive choices made in the past have led to production at a lower technological level--even in the area of the so-called mass production--and to a lower value compared to those of foreign competitors, with a greater relative weight of the cost of raw materials (a disadvantage accentuated by the policy of devaluation of the lira). This has resulted in years of profit margins insufficient to cover the financial costs, which have increased greatly in the first place because of the growth of the deficit either on the medium term (fully assisted) or on the short term (which is instead at market rates), the latter in function not only of the financing of the working capital, but also of the investments.

In 1979, despite the increase in the price of oil, the situation should improve: but the improvements on the economic side should concern mostly Montedison, inasmuch as they are due to the possibility of a rapid translation into prices of the greatest costs, in the presence of a high demand and of the closing of the SIR and Liquichimica plants.

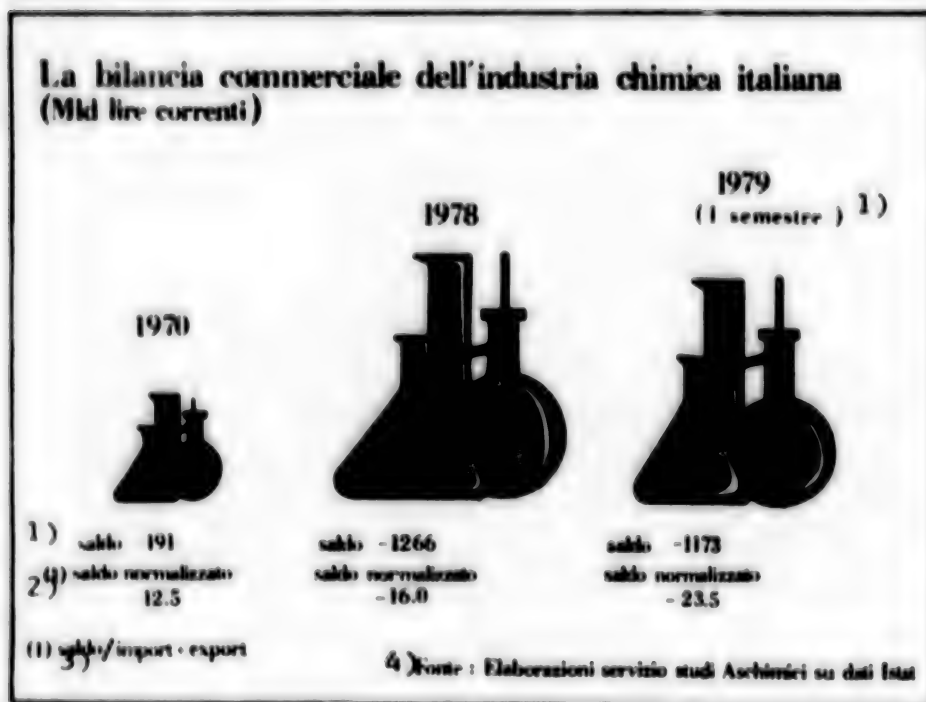
This could also happen through a monetary policy juggled between the dollar and the "strong" currency of the EMS, which has relatively reduced the impact of the cost of raw materials: but how much this advantage can be reproduced in the future remains to be seen. For the secondary chemical industry, moreover, there remains the technological and in part dimensional backwardness, especially in the subsectors of product innovation (dyes, pesticides, pharmaceuticals); there remain considerable productive gaps in sectors in which even the "entrance barriers" are minor, like "fine" organic products and auxiliary products for industry. Consequently, the presence of the large and medium-size foreign companies is reinforced on the Italian market; just as the deficit in the trade balance is increasing decidedly, to levels never reached in the past.

In 1978, the negative balance was 1,266 billion lire; in 1979, it will exceed 2,000 billion: the chemical industry is now firmly established as the third deficit sector in the Italian trade balance. Here are interwoven the structural crisis and the closing of plants of the big groups, which we have mentioned several times, and the fact that, in periods of increasing production, the demand of the consumer industrial sectors--in the currently undertaken configuration, beyond, that is, the problems of reconversion which they present--tends increasingly to be satisfied through taxes, especially on the most highly processed products, in the secondary chemical industry, but also in the primary one.

There are therefore a series of structural problems, still unresolved, on which depend the position which the chemical industry--which remains, even though in a different way than in the past, a key sector--will take on in the context of the Italian industrial system.

Such problems are closely interwoven, in the case of large industry, with the decisive question of the company organization, of the financial structure and of the relations between companies and the banking system. From this point of view, with reference to the actions of the banking associations, we want to emphasize the contradiction which is verified between the objective of financial healing of the companies in crisis and that of safeguarding the stability of the banking system, when the latter do not confront on one hand the real problems of the production crisis (not free from the program finalized for the chemical industry according to law 675) and on the other hand with the internal relations with the banking system and if its governability on the basis of programmatic purposes. Without this, one achieves temporary help of a welfare nature.

The Trade Balance of the Italian Chemical Industry



Key:

1) 1st half

1. Balance
2. Normalized balance
3. Balance/imports/exports
4. Source: Information from the Aschimici Studies Service on ISTAT data

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CSO: 3104

SECOND CHAMBER DEBATES WAGE FREEZE

Parties Disagree

The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 24 Jan 80 pp 1-3

[Text] The Hague, January 23--The Labour party took a stand against the Government's two-month wage freeze in the Second Chamber today and submitted a motion, saying the Government had not contributed enough to providing conditions in which employers and unions could reach agreement on the terms of employment for 1980.

The Labour spokesman, Mr Jaap van der Doef, speaking in a debate on the freeze said the Government should never have imposed the freeze on wages alone, leaving other incomes scotfree.

Moreover, he said, a wage freeze should have left room for pay restructuring, allowing wage increases for dirty and disagreeable work. This would have helped to remove labour market 'bottlenecks,' he observed.

Mr Van der Does reserved judgment on the Government's declared inability to preserve the spending power of incomes up to the ('modal') 32,000 guilders a year for a family of four.

He urged the Government to take more off the higher salaries, starting at 'well below 45,000 guilders a year.'

'Sowing Unrest'

Premier Dries van Agt's earlier statement that the spending power of the lower incomes would be 'discussable,' he condemned as 'fitting in the atmosphere of sowing general unrest.'

He asked the Government at what level it thought spending power should be conserved.

Another labour spokesman, Mr Hans Kombrink, cast doubt on the latest Central Planning Agency forecasts, on the basis of which the Cabinet is proposing major economies.

Some of the factors cited by the agency were only temporary, he suggested.

He pointed out that the four billion guilders' economies, proposed by Finance Minister Andriessen, are for 1980 alone, constituting a larger operation than the ten-billion Blueprint for 1981, which applies to three years.

Mr Kombrink said it was unacceptable if the State take from Dutch oil and gas production could not be increased. He refused to accept the Government's claim that it would have only 500 million extra income from natural gas in 1980.

Wage Adjustments

The Liberal VVD party wants the wage freeze to continue for the whole of 1980, Dr Rudolf de Korte said.

He called for elimination of increases in energy prices from the cost-of-living index serving as base for the wage adjustments due on July 1.

The Liberal party too, was in favour of a pay restructuring, allowing better remuneration of dirty and disagreeable work. He felt that an increase in the wage bill between zero and one percent could be used for this purpose.

He warned, however, that such an increase should not be applied to civil servants' salaries and social security benefits.

Mr De Korte suggested that the Government abandon the spending power-conservation notion, saying it was 'unworkable.'

In his view most incomes would be hit, the big incomes much and the small incomes a little. He hoped that the spending power of the minimum wage earner could be maintained, but he did not want the Government to commit itself.

Dr De Korte said his party would agree to a four-billion-guilder curb, adding that it was 'a minimum.' Actually, his party preferred a six-billion curb, but felt it was too late now.

He advocated a freeze of social security benefits at the January 11 level, and a 'considerable reduction' in the Government's plan to provide 30,000 extra jobs in the public sector.

He also wanted civil servants to pay more towards their medical costs, and called for a year-long moratorium on promotion in the civil service.

Debate Unnecessary

CDA spokesman Steef Wijers, pledging his party's support for the Government measure, said there was no need for holding the debate in the present phase of the freeze.

His party member, Mr Marius van Amelsvoort, said it was inconceivable that the expansion of the private and public sectors would continue while economic growth was declining.

Restraint as well as cuts would be necessary, he said. He wondered whether the Government, in proposing wage restraint, also proposed easing the burdens in order to make some room for the spending power.

Mr Van Amelsvoort said that the financing deficit was 'unacceptably high.'

He called for an early increase in the export prices of Dutch natural gas.

Mr Weyers argued that reducing public spending would result in slowing down the growth of employment in the public and semi-public sectors in the present decade. He noted that these sectors in particular had contributed towards maintaining employment in the 1970s.

Mr Weyers said that wage freeze would not have succeeded until it was followed by joined action of the employers and workers' organisations and the government.

He felt that the Government pledge to provide a basis for such cooperation was 'not a dictate but a move, though not without obligation.'

The parliamentary CDA party wanted the Cabinet and the 'social partners' to assume their responsibilities, he said. (The debate continues.)

Majority Backs Freeze

The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 24 Jan 80 p 3

[Text] The Hague, January 24 -- Finance Minister Frans Andriessen and Social Affairs Minister Willem Albeda will reply today to remarks made yesterday during the debate on the Government-imposed two-month wage freeze.

A Chamber majority, including the CDA and Liberal VVD Government parties and the leftist D'66 party approved the freeze.

All other left-wing parties rejected the government measure. The vote still has to be taken.

D'66 party spokesman Maarten Engwirda said the freeze had been 'inevitable.' But he sharply criticised the Cabinet's social and economic policy in the past two years.

The present economic situation proved that the policy outlined by the Government in its 'Blueprint for 1981' programme had failed completely, Mr Engwirda said.

CSO: 3120

LABOR UNREST ADDS TO GOVERNMENT'S HEADACHES

The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 22 Jan 80 pp 5,6

[Text] The Hague, January 21--Labour unrest is looming following the Government's imposition of the first wage freeze in this country for almost 25 years, writes Reuter's correspondent Mr Scott Thornton.

Threats of widespread strike action have been made despite trade union leaders' appreciation of the fact that Dutch workers, who are among the best paid in the world, are approaching the limits of real income growth.

'We have entered a period in which availability of work, and the conditions in which people work, are just as important, or even more important than the price paid for the work,' FNV trade union leader Wim Kok said in an interview with Reuters.

Nevertheless, the Government's announcement on January 11 that it was slapping on a two-month wages freeze shocked trade unionists. Mr Kok said a series of protest actions could be expected in the second half of February.

The Cabinet said it had imposed the freeze to allow it to work out a reviewed policy which took account of the country's worsening economic situation.

Restrictions Expected

Ministers have not specified what will happen if unions and employers do not agree with this policy, which is expected to be unveiled at the end of this month.

However, it is difficult to see how the Government can avoid imposing tough restrictions on wage rises once the two-month freeze is over. The last wages freeze was in 1956.

The Government says its hands are tied because the economy is heading for a disastrous 1980, despite being one of the healthiest in the industrialized world for much of the 1970s.

The temporary wages freeze was ordered after the Government's Central Planning Agency (CPB) published revised forecasts painting a far gloomier picture of the economy than ministers had suggested right to the end of last year.

The CBP predicted a doubling of inflation in 1980 to eight percent, rises in unemployment and the national balance of payments deficit, depressed profits and stagnant industrial production.

Gas Reserves Husbanded

In 1979 Dutch inflation was 4.2 percent, the lowest rate in the nine-nation European Economic Community (EEC). Throughout the 1970s the economy was buoyed by the fact that the Netherlands was the world's third biggest producer of natural gas.

Now, however, the emphasis is being placed on stretching out these gas reserves as far as possible. The Government has contracted to import gas from Algeria and has ordered huge amounts of coal from Poland.

Dutch labour leaders like Mr Kok, who is president of the 18-nation, 39-million-member European Trade Union Confederation, realise the gravity of the situation but oppose government intervention in wages talks, traditionally a matter for unions and employers alone.

One of the first targets of trade union action may be the dairy industry. Shortly before the freeze was announced, employers agreed to pay workers 15.20 guilders a week extra. But Social Affairs Minister Willem Albeda said there could be no exception to the new rule and blocked the rise.

The Government plans to cut government expenditure by several billion guilders a year to counter depressed receipts, and has begun reducing some of the benefits which make up one of the world's most generous social welfare schemes.

The Dutch are an affluent, if highly taxed, people. Their statutory minimum wage (1,826 guilders per month) is among the highest in the world, and the average annual income of a married man with two children is about 32,000 guilders.

After disclosure of the revised Planning Agency forecasts, the Cabinet is under greater pressure than ever to slash public spending.

Conflict Succeeds Dialogue

The Netherlands had a generally-enviable record of industrial relations in the 1970s. In 1978, for example, it lost only one working day per thousand employees compared with 119 in West Germany and 414 in Britain.

However, 1979 was a relatively bad year, with lengthy strikes by dockers and tugboatmen in the port of Rotterdam, the world's biggest port.

'It's an exaggeration to describe the Netherlands as an oasis of industrial calm,' Mr Kok said. 'Certainly we have had a tradition of solving our problems by negotiation, but in recent times there has been a shift away from dialogue to conflict.'

Central wage talks between unions and employers broke down last month, so any negotiations this year would have to be on an industry or company-wide basis.

The reasons for the trend towards conflict were workers' dissatisfaction with the continuing high number of unemployed--207,000 or five percent of the workforce were registered jobless last year--and the substantial profits of some industrial sectors, notably petrochemicals, publishing and banks, he added.

Mr Kok said the Netherlands was ahead of most countries in having nearly attained the limits of real income growth, and its experience could serve as a model.

'The days of the rapid economic growth of the 1960s are gone. Now we have to consolidate what we have... The emphasis these days is rightly more on distributing available work, such as by cutting the working week,' he commented.

CSO: 3120

DUTCH WELCOME CHINA TO DISARMAMENT COMMITTEE

The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 6 Feb 80 p 22

[Text] The Hague, February 6--The Netherlands welcomed China to the 40-nation Disarmament Committee talks in Geneva yesterday and condemned the Soviet intervention in Afghanistan, which it said impeded the search for arms control.

The Dutch representative, Mr Richard Fein, described China's participation in the committee's work as 'one of the few encouraging recent events.'

He said there were numerous areas in which the Netherlands and China had common interests, including the area of detente.

Ambassador Fein rejected the Soviet military intervention in Afghanistan as 'absolutely unacceptable' and said it made the committee's search for weapons restrictions more difficult.

But he said it placed added emphasis on the need for even more strenuous efforts to try and reach results at the disarmament talks.

Hopes for Curb

The Dutch delegate hoped that the package of arms control measures proposed by NATO last December (together with the decision to produce 572 Pershing II and cruise missiles) would lead to a curb on the arms race 'particularly on medium-range nuclear arms.'

'Precisely in this period of negative international developments the Netherlands is prepared to keep striving actively for accords in the area of arms control.

'We are prepared to do this, not only here in the Disarmament Committee, but in all forums in which the Netherlands takes part and where disarmament is discussed,' he added.

China entered the United Nations disarmament forum yesterday with a lengthy denunciation of Soviet intervention in Afghanistan, accusing Moscow of preparing for war under the guise of detente.

ASSISTANCE PLAN FOR EEC STEEL WORKERS REJECTED

The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 6 Feb 80 p 2

[Text] Brussels, February 6--The Netherlands declined to go along here yesterday with a proposal by the European executive Commission to spend 120 million guilders this year on helping steel workers in the Community adapt to new jobs, our correspondent reports.

Dutch Finance Minister Frans Andriessen said that, in turning down the Commission's proposal, the Netherlands was 'pursuing a new course.'

He told a news conference that the financial situation in the Netherlands made it impossible to go along and finance expenditure which was not foreseen in the EEC budget.

The ministers of the Nine, meeting here yesterday, referred the question to their permanent representatives in Brussels to settle. Italian Foreign Minister Attilio Ruffini, who chaired the meeting, said the question could be decided without referring back to next month's Foreign Ministers' meeting.

The Commission's 120-million-guilder proposal is meant to facilitate the restructuring of the European steel industry.

The Community spent 40 million dollars on such activities last year. The Dutch contribution was seven million guilders.

The Netherlands was to have contributed about 11 million guilders to this year's proposed total of 120 millions.

CSO: 3120

INVESTMENTS WILL CUSHION GAS REVENUE FALL

The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 24 Jan 80 p 1

[Text] Amsterdam, January 24--Income from Dutch investments abroad will compensate to a significant extent for the ebbing away of gas revenues after 1985, Mr Jacques Goossens, director of Nederlandsche Middenstands Bank NV, said.

In a speech to a Zurich investment seminar, a copy of which was released here, Mr Goossens said a large part of the considerable Dutch balance of payments' surpluses in the 1972 to 1976 period was invested abroad.

The fact that real interest rates were high in the Netherlands could be taken as a sign of weakness, Mr Goossens said.

However, the Dutch economic situation was relatively good in comparison with many other countries, there was no state foreign debt and gold and foreign exchange reserves were considerable, he said.

He added that Dutch inflation would rise but remain relatively low. The monetary authorities conducted an active policy to prevent the guilder straying far from the mark and the absence of a coupon tax made Dutch bonds attractive.

Stock Undervalued

Mr Goossens said the Dutch stock market was undervalued, with the lowest price/earnings ratio among the 18 most important stock exchanges in the world, while the average yield was, after Belgium and Spain, the highest.

The first half of 1980 would see the quotation in Amsterdam of 'original' U.S. shares, and not just depositary receipts as at present, creating a European parallel market for New York, he said.

There were also moves to regulate the Dutch over-the-counter share market, while the European Options Exchange planned fixed interest security options this year and was studying gold options, he added.

Natural Gas

Referring to the importance of Dutch gas, Mr Goossens said gas sales revenues in 1979 were around 16.5 billion guilders.

Over 13 billion guilders remained after deduction of production and distribution costs, of which more than 10 billion flowed into the treasury coffers, he said.

At current export volumes, every increase in the gas export price by one Dutch cent per cubic metre benefited the balance of payments by 500 million guilders, he added.

Dutch gas production totalled about 87.5 billion cubic metres a year, which was equivalent in calorific value to 1.5 million barrels of oil per day, Mr Goossens said. This would compare with oil producers such as Abu Dhabi, Canada, Algeria, Mexico and Indonesia, although gas revenues were less than those from an equivalent amount of oil due to distribution costs and the time lag in adjusting gas prices, he added.

CSO: 3120

BRIEFS

CPN DISAPPROVES OF SAKHAROV'S ARREST--Amsterdam, January 23--The Dutch Communist Party disapproves of the measures which the Soviet Government has taken against dissident Andrei Sakharov, a party spokesman said here today. He said fighting a man's opinions by punishment instead of arguments and debate was 'absolutely foreign to the Dutch Communist Party's idea of socialism and democracy.' If the Soviet measure was a response to President Carter's 'cold war declarations,' he said, 'it would be a disservice to the fighters for detente and peace.' The action taken against Dr Sakharov was 'grist to the mill of the opponents of detente,' he added. [Text] [The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 24 Jan 80 p 7]

CSO: 3120

PCP SENDS GREETINGS MESSAGE TO JAPANESE CP

LD050949 Lisbon AVANTE! in Portuguese 28 Feb 80 p 2 LD

[Unattributed report: "Greetings to 15th Japan Communist Party (JCP) Congress"]

[Text] The Portuguese Communist Party [PCP] Central Committee has sent the JCP Central Committee, on the occasion of its 15th congress, a greetings message in which it addresses to the delegates and via them to all Japanese communists "warm greetings and good wishes for the best success in the congress' work."

The message continues as follows:

In the certainty that we are expressing the profound feelings of the Portuguese communists and workers, we express to the communists and workers of Japan our solidarity with the struggle which they are waging against the government's antipeople policy--at the service of big capital--and for democracy, and for real national independence.

We are following with particular attention the evolution of the situation in Japan and the struggle of the workers and the progressive forces against the Liberal Democratic Party government's reactionary and imperialist policy, against the recrudescence of militarism and the Japanese-U.S. military alliance and for relations of friendship and goodneighborliness with the USSR and peace.

The JCP is an essential force in the defense of the interests of the Japanese working class and workers masses.

Hence stem the anticommunist maneuvers and campaigns with which the class enemy is trying to weaken the JCP, to weaken the peoples masses' struggle and to prevent the unity of Japan's progressive forces.

We hope that your 15th congress' conclusions will help to strengthen the JCP's organization, cohesion and influence among the masses, as evinced by the latest general elections, and to develop the struggle for a democratic government which will set your country on the road to democracy, social progress, national independence and peace.

In recent years, as the crisis of capitalism has deepened, the socialist countries have continued to develop and grow stronger, the working class' struggle in the capitalist countries has been stepped up, the national liberation movement has gained great victories and there has been a swing in international relations toward detente and peaceful coexistence.

In an attempt to obstruct and if possible reverse the upward trend of the world revolutionary process, trying at all costs to maintain its positions of economic and political domination and of military superiority, imperialism, and particularly its most reactionary and aggressive circles, is stepping up its interferences, attacks and threats of armed intervention in the internal affairs of peoples which it plans to subjugate and exploit, setting in motion a frenetic arms race, attacking detente and peaceful coexistence between differing social systems and unleashing reckless campaigns of anticommunist and anti-Soviet distortion, on the most varied pretexts, as shown recently as a result of events in Afghanistan.

The PCP is unswerving in its solidarity with peoples struggling for their freedom against fascist and reactionary regimes, against colonialism and neocolonialism and against imperialism and racism. The PCP also regards the struggle to defend peace, the struggle against the arms race and against imperialism's attempts to restore the cold war climate in international relations as of decisive importance. In Europe the PCP regards as a fundamental task the struggle against the deployment of the new U.S. nuclear missiles in NATO countries.

To defend peace, to drive back imperialism's war plans, to advance along the path of democracy, national independence and socialism, the PCP regards it as vitally important to strengthen the unity of all the democratic and anti-imperialist forces and, above all, the unity of the international communist movement, the motive force of the world anti-imperialist front.

The greetings message concludes as follows:

Dear Comrades,

Once again we express good wishes for the success of your 15th congress' work, for further achievements by the Japanese communists in their struggle in defense of the interests of the working class and the workers masses, against the monopolies and for real national independence.

The PCP will continue to direct its efforts toward strengthening relations of friendship and solidarity between our parties, in the certainty that this will help to develop relations between our peoples and countries, to strengthen the international communist movement's unity and the cause of peace, democracy and socialism throughout the world.

Long live the JCP Congress! Long live proletarian internationalism! Long live PCP-JCP friendship!

CSO: 3101

INTERVENTION IN AFGHANISTAN LAID TO AMERICAN WEAKNESS

Istanbul GUNAYDIN in Turkish 13 Jan 80 p 7

[Article by retired ambassador Nuri Eren]

[Text] In a previous article we stated that the year 1980 would be a dangerous year. The events in Afghanistan make it immediately clear just how serious and pressing this danger is. The Afghan revolution which has resulted in the killing of three chiefs of state during the course of 1 year has converted the country into a complete satellite of the Soviet Union. This development has a vital significance not only for the Afghan people but quite as much for the Middle East area and for the strategy of the entire world.

The intervention demonstrates above all just how much capacity for decisive and effective action Russia possesses in the wake of America's weakness in Vietnam, Angola, Somalia and Nicaragua.

Furthermore, the yearnings among Soviet Moslems aroused by Khomeyni's Islamic activism will be rooted out. Prospects for independence of Iranian and Pakistani Baluchi's will be enhanced. An independent Baluchistan will achieve for Russia its 100 year old aim of obtaining a port on the Indian Ocean. Moreover the satellite regime in Afghanistan will pursue the independence of Pushtunistan, and by breaking off yet another part of Pakistan and opening the Kyber Pass will provide Russia with the opportunity to exercise direct influence upon India.

Moscow's Strategic Gains

From a strategic standpoint Moscow's gains will encompass the entire Middle East, Europe and Japan. The Russian planes based at Kabul airport will be able to control the air space over the Persian Gulf and the Indian Ocean. American military experts figure that the Russian planes based in Kabul will be able to land in Aden for refueling and that they have as their objective the establishment of air superiority in the region between Afghanistan and the Sudan, and they consider the Russian armed intervention in Afghanistan an effort to head off a projected American intervention in the Middle East. In the event America proves to be powerless in

the face of a Russian take-over in Afghanistan all of the states in the region, Egypt, Israel and including Turkey will quickly be compelled to reassess their current ties.

Even moderate commentators like the NEW YORK TIMES's James Reston, contrasting America's weakness with Russia's decisiveness questions "whether we may be at the beginning of the end of America's influence in the Middle East."

From 1962 to the Present

The commitment of Russian soldiers in Afghanistan constitutes the first encroachment by the Russians upon the strategic region which has existed between America and Russia since the Russian attempt in Cuba in 1962. Russian units have been committed to combat outside of their own region for the first time. This is a vital strategic change for the entire world as well as for Russia. This development is not just an incidental event brought about by events in Afghanistan. It is the upshot of a strategic decision and military preparations. The Russians transported a 50,000 man force into Afghanistan in the course of 1 week.

Initial rapid deployment was accomplished by AN 12 and AN 22 airplanes capable of transporting 100-300 person armed units. The ferrying operation was supported by a heavy strike force of M-24 type helicopters equipped with rockets. Both the transport planes and helicopters make quite clear that the Russians have been planning for foreign intervention for years and have made preparations for it. In fact they airlifted over a 2 week period in October in Central Asia a 100,000 man force and thereby demonstrated just how effective these preparations have been. The Afghanistan intervention is the first application of the policy underlying this preparation. It adds a military dimension to the Russian-American, East-West confrontation.

Intervention Against America

Detente, worked out in Khrushchev's time, established strategic regions between Russia and America and thereby eliminated the likelihood of a military confrontation. As the uprising in Czechoslovakia proved, America avoids military assistance in areas touching upon the Soviet Union's vital interests. The Russians have refrained from meddling in the Egypt-Israel quarrel because it fell into the American sphere, and most recently remained aloof from intervening in Iran. As Khrushchev openly stated the two sides were restricted to ideological, economic and political rivalry.

Russia, in acts they termed competitive coexistence, undertook to intervene among the third-world countries systematically and continually in opposition to America. For many long years the rivalry was kept prudently and delicately within the economic and ideological framework. However after Vietnam and the Watergate scandal, in consideration of America's

weakness, Russian intervention began to take on a military character. The Russians broadened the military dimensions of their intervention in proportion to America's impotence. For example, their support to the Communist Front in Angola, which began as economic support gradually evolved into arms supply. When the American Congress refused to vote arms assistance to the pro-West faction this invited Cuban military intervention. When the military intervention in Angola met with no resistance Communist Bloc military support was extended to Mozambique, and later military units spread into Ethiopia. East German forces as well as Cuban units participated. After Ethiopia South Yemen also came within the scope of military intervention. Cuban and East German forces 50,000 to 60,000 in number are located in various African countries and in Aden on the Asian doorstep.

If one adds to the total the 50,000 man Russian force which has entered Afghanistan the Communist Bloc has established communist regimes in six countries by military intervention during the past 3 years.

America Provoked It

The intervention in Afghanistan differs from the various interventions in Africa in two respects. The African interventions were confined to countries having no effect upon world strategic considerations or the East-West balance. Secondly, Russian units were not engaged. The intervention in Afghanistan was brought about by Russian units. The intervention took place in a region calculated to disrupt the strategic balance between Russia and America. That is Russia has moved to bring America's interests under pressure.

To condemn this Russian interference as a new Russian boldness would be a mistake. On the contrary it is a development which America has itself provoked. In the wake of Vietnam and Watergate, America lost its self confidence and began a domestic economic recession. It fell into a state in which it could no longer look after its international interests. It lost its ideological and strategic thrust vis a vis Russia. So much so that due to rivalry between Congress and the President unfriendly acts were perpetrated against its closest allies.

It cut assistance to the Saigon government at the most critical moment, left Pakistan without aid at the most dangerous moment, placed an embargo upon Turkey, refused to extend a hand to Somalia as Russian influence was on the increase, held back the Iranian army when anarchy was commencing and ultimately caused the dispersal of Iranian military forces, and even displayed weakness in the defense of Saudi Arabia in the face of danger emanating from South Yemen after the fall of the Shah.

According to the situation Russia has moved into the gaps left by these mistaken moves on the part of America, by political, ideological, economic and now military initiatives.

The Impact of Events in Iran

The events in Iran have unified America and awakened a confidence in the national consciousness not apparent for years. But will this resoluteness and unity suffice to generate the degree of determination needed to offset the initiatives which Russia has achieved through years of effort and which have culminated in the key issue of Afghanistan? The opinion polls show that 80 percent of the American populace approve of Carter's handling of the Iranian issue. But as American commentators themselves question, what has Carter done over the past 2 months? He has centered all of his efforts on an attempt to internationalize the issue and has tried to make America's allies and the United Nations take responsibility. He has striven to unburden himself of the responsibility for achieving a solution. This amounts to an admission of weakness in the eyes of the third world and Islamic countries.

Representatives of countries which for reasons of proximity, religious ties and economic self interest are reluctant to take a stand against Iran are saying in the corridors of the United Nations, "Better an enemy than such a friend."

The Russian initiative in Afghanistan will end in success and unless America can bring about a counter initiative in the Persian Gulf the world will enter 1980 with a new strategic balance.

9353

CSO: 4907

END

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